

UNITED STATES-NIGERIA TRADE RELATIONS:  
A PERSPECTIVE OF ITS POLITICS AND  
ECONOMICS 1960-1984

A DISSERTATION  
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF DOCTOR OF PHILOSOPHY

BY  
SIDNEY EBGBETALE INEGBEDION

DEPARTMENT OF POLITICAL SCIENCE

ATLANTA, GEORGIA

JULY 1987

Ri-x T 237

ABSTRACT

POLITICAL SCIENCE

INEGBEDION, SIDNEY EBEGBETALE      HND, Auchi Polytechnic, Nigeria, 1979  
M.A., Atlanta University, 1983

United States-Nigeria Trade Relations: A Perspective of Its Politics  
and Economics 1960-1984

Advisor: Hashim T. Gibrill, Ph.D.

Dissertation dated July 1987

This study centers on the trade relations between the United States and Nigeria from 1960-1984. Economic relations between the United States and Nigeria began to take direct shape soon after Nigerian independence in 1960. In its present form, the relations significantly undermine Nigeria's development.

Divergent perceptions exist as to the developed country that has accounted for Nigeria's current underdeveloped status. Some views see it as Britain, because of its former position as Nigeria's colonial master. The general thesis of our research is that Nigeria dependency on Britain has shifted to a greater dependency on the United States. As we see it, the present US-Nigeria trade relations will continue to undermine Nigeria's development insofar as the unequal trade relations continue.

In order to substantiate our hypothesis, we investigated three major areas of trade: the petroleum oil industry, the agricultural

sector, and the commerce industry. Our research methodology involved the task of collecting and analyzing a significant body of statistical data relating to the volume, commodities, direction of trade, as well as the sectoral distribution of US investment and participation in the Nigerian economy. Our strategy also involved the task of locating the empirical trends within a theoretical framework as it pertains to the historical dynamics of the political and economic relations between both countries.

Our findings revealed that although Nigeria truly wishes to develop, she runs into policy choices because of the dilemma posed by the desire to solve acute national problems which often exceed her system capabilities, and the desire to maintain system's autonomy even when it is clear that the system can no longer hold sway to the modern realities of Nigeria. The United States seeks to take advantage of this phenomenon to balance her deficit trade position with Nigeria as well as cultivate the enormous Nigerian market for U.S. goods and services.

Our study concludes that poverty, hunger and frustration, which are manifestations of underdevelopment, cannot be eliminated through open door policy towards United States investment in Nigeria. The process that will lead to the elimination of the above factors, and thus lead to a genuine economic development, must involve internal restructuring which will entail the adoption of an inward, need oriented and self reliant development strategy.

## ACKNOWLEDGEMENTS

This dissertation is dedicated to the following: my elder brothers, Francis and Patrick Inegbedion, for their unflinching moral support; Mr. Oko Oboh Okoegulae for his wisdom and advice; to my father who sent me to school. Thanks to Mr. Augustine Obaweki, Mr. Clifford Arikhan, Dr. Jonathan Elimimian and Dr. Mack H. Jones who served as my academic mentors at the different stages of my learning.

Invaluable thanks are also due to Dr. William Boone, and Mr. Isaac Clarke whose policy considerations saw me through in times of financial hardship. To Lucy, Ehimen, Ibhade and Idemudia, I say thanks for endurance. I also thank Dr. Michael Obadan for his continued advice and assistance; much could not have been done but for the materials he sent to me from Nigeria.

Finally, much of my thanks go to Dr. Hashim Gibril, my dissertation committee chairman; Dr. George Kugblenu, my reader, Dr. Jonathan Elimimian and Milton Crook whose respective guidance as members of my committee made my academic dream a reality.

## TABLE OF CONTENTS

ACKNOWLEDGEMENTS .....	v
LIST OF TABLES .....	vi
LIST OF FIGURES.....	vii
LIST OF EXHIBITS.....	viii
INTRODUCTION .....	1
Chapter	
I. STATEMENT OF THE PROBLEM .....	3
The World of International Trade in World Economy .....	20
Purpose and Significance of the Study .....	29
Scope of the Study .....	34
Hypothesis .....	35
Definition of Concepts .....	36
Dependent .....	36
Oil Trade .....	37
Agriculture .....	37
Commerce and Industry .....	37
Investments .....	37
Research Methodology .....	37
Theoretical Framework .....	42
Contending Theories of International Trade.	50
Theory of Comparative Advantage .....	53
The Neo-Classicals .....	55
Review of Literature .....	57
Summary of Chapter One .....	66
II. U.S.-NIGERIA POLITICAL ECONOMY:	
A HISTORICAL PERSPECTIVE .....	68
U.S.-Nigerian Relations Between 1960-1966..	69
Impact of Economic Hardship .....	71
Nigeria Moves Towards Urbanization .....	72
Military Intervention and Its Consequent Impact on U.S.-Nigerian Relations	
1966-1979 .....	77
Importance of the Jimmy Carter Presidency on U.S.-Nigerian Political Economy .....	80

The Age of Oil Boom and Its Influence on U.S.-Nigeria Trade Relations .....	81
U.S.-Nigerians Under the Second Civilian Government .....	100
III. U.S.-NIGERIA TRADE RELATIONS: ANALYSIS BY SECTOR .....	104
The Petroleum Oil Sector .....	104
History of Oil Exploration in Nigeria .....	105
Government Participation in Oil Production Oil Health, and Development Planning in Nigeria .....	107
U.S.-Nigeria Oil Trade Relations: An Investigative Analysis .....	115
Extent of American Involvement in Nigerian Oil Industry .....	122
Specialization Among American Oil Companies..	123
The Agricultural Sector .....	125
The Character of Nigerian Agricultural Products in International Trade.....	125
Nigerian Agriculture: Structure and Direction of Trade .....	135
The Role of Government in Agricultural Trade Between the U.S. and Nigeria .....	136
Commerce and Industry .....	143
U.S.-Nigeria Commerce Position, 1979-1984 ...	148
Tourism and Travels as an Aspect of U.S.-Nigeria Trade Relations .....	150
Distributive Sector .....	152
Financial Sector .....	154
Summary of Chapter Three .....	159
IV. SUMMARY EFFECT OF U.S.-NIGERIA TRADE RELATIONS ON NIGERIA .....	162
Introduction .....	162
Changes in U.S. Foreign Policies and Its Impact on Nigeria in the Post 1979 Period .....	163
The Rediscovery of U.S. Economic Power to Shape World Economic Trend .....	164
U.S. Domestic Economic Policies and Its Impact on Nigeria .....	167
The Budgetary Block and Interest Rates .....	167
Note on Chart .....	182
The Political and Strategic Minerals Question .....	193

Lack of Technological Transfer to Nigerians in the Sectors Dominated by the United States Multinational Corporations.....	194
Creation of Urban Problems and Socio-Economic Imbalance Among Nigerian Ethnic Races and Cities Due to Location Strategies .....	199
Impact of American Capital on Nigerian Agriculture: A Pre-emptive Analysis .....	202
Definance of Nigerian Trade Laws and Regulations .....	204
Summary of Chapter .....	207
V. CONCLUSION AND RECOMMENDATIONS .....	209
Recommendations .....	212
Three-Phase Strategy for Nigerain Economic Growth and Global Dominance .....	213
Phase One .....	213
Phase Two .....	216
Phase Three .....	217
APPENDICES .....	218
BIBLIOGRAPHY .....	228

## LIST OF TABLES

1. International Tourism: Analysis by Purpose of Travel ...	9
2. International Travel: Analysis By Nationality of Traveller, Region/Country Visited .....	10
3. Nigerian Export Commodities, Their Tonnage and Values in Pounds at Independence .....	13
4. Nigerian Labor Distribution, 1960-1963 .....	14
5. Nigerian Import and Export Trade By Categories, 1960-1981 .....	19
6. Value of United States Food Imports to Nigeria (\$ million) .....	27
7. Comparison of Nigerian Students and Students from Other African Countries in the United States, for Selected Years 1954-1955 and 1979-1980 .....	33
8. Nigeria's Balance of Trade with the USA, 1965-1984 .....	73
9. Sources of Aid Assistance to Nigeria 1962-1965 .....	76
10. Origin of Some American Crude Oil Imports (In '000 Tons) 1970-1979 .....	84
11. Comparison of U.S. Investment in Nigeria and South Africa During the 1973-1974 Trade Period .....	86
12. Nigerian Oil Production Per Day 1960-1979 .....	107
13. Growth of Nigeria's Oil Exoort 1960-1981 .....	108
14. Selected Economic Indices of Nigeris Showing Increase in Oil Revenue 1970/71 to 1979/80 .....	112
15. Nigerian Crude Oil Production Statistics .....	118
16. Sources of U.S. Petroleum Imports for the January-August 1974 Period (Thousands of Barrels Per Day) .....	120
17. Value of Nigeria's Exports of Major Commodities (Million Naira) .....	121



18.	Percentage Distribution of Crude Oil Export by Major Destinations, 1977 and 1979 Period .....	125
19.	Some U.S. Associated Companies in the Nigerian Oil Industry .....	126
20.	American and Allied Investment in Major Oil Companies Operating in Nigeria and their Output Per Day .....	128
21.	Shell-BP Corporation Shareholding by Percentage .....	128
22.	Nigeria's Exports of Major Commodities (Percentage of Total Export Value, 1960-1970).....	130
23.	Nigeria's Exports of Major Commodities (Percentage of Total Export Value, 1971-1980) .....	131
24.	Nigeria: Estimated Food Deficits and Surplus Thousands for Selected Periods .....	133
25.	Nigerian Food Imports in Relation to All Imports, 1970-1977 .....	134
26.	Direction of Oil and Non-Oil Exports, 1971-80, % of Total .....	137
27.	Nigerian Expenditure on Agriculture, by Major Expenditure Category .....	141
28.	The Dominance of Western Europe in Nigeria Trade by 1966 .....	145
29.	Nigerian Imports for the 1974-79 Trading Period .....	147
30.	Per Capita Tourist Expenditure in Nigeria, 1961-1975....	153
31.	United African Company (Nig.) Ltd.: Unilever Subsidiaries and Associates in Nigeria and their Business Activities .....	155
32.	LONRHO Ltd.: Subsidiaries and Associates in Nigeria ...	156
33.	Deposits and Loans of Nigerian Commercial Banks as at 31 December 1975 (N Million) .....	158
34.	Debts to the U.S. Government by Agencies .....	170
35.	Amount Proposed to be Cut from Federal Programs .....	171

36.	Imports by Regional Groupings (N Million) .....	184
37.	Exports and Re-Exports by Regional Groupings (N Million) .....	185
38.	Direction of Oil Exports .....	186
39.	External Debt Service Payments for 1982 Fiscal Year .....	192

## LIST OF FIGURES

1. Change in the Real Stock of Money .....	183
--	-----

## LIST OF EXHIBITS

1. U.S. Firms and Affiliates in Nigeria by Area of Activity ... 87

## INTRODUCTION

Our study investigates the trade relations that have existed between the United States of America and Nigeria between 1960 and 1984. For a thorough understanding of the study, it is important for the reader to have a concise understanding of the chapter layout.

Chapter One discusses the character of Nigeria in international trade. In this process we charted the trade relationship that existed between Nigeria and Britain, and illustrate how Britain lost its position to the United States as Nigeria's greatest trading partner by 1966.

Chapter Two discusses the political economy of US-Nigeria relations. The relationship has been examined in three epochs, 1960-66, 1966-1979, 1979-84. The objective has been to examine the factors that contributed to the pattern of relations that existed with the United States during the respective governments of Nigeria that existed in each of the epochs.

Chapter Three conducts detailed analyses of three major sectors, the petroleum oil industry, agricultural sector, as well as commerce and industry. The objective is to examine the indeptedness of US participation in each of the sectors.

Similarly, Chapter Four examines the impact of the trade relations with the United States on Nigeria. Major areas examined

include the impact of President Reagan's macro-economic policies on Nigeria, the lack of technology transfer to Nigerians as well as the utter disregard and defiance of Nigerian trade laws by US firms and affiliates.

Our final chapter concludes the study and makes recommendations as to what steps Nigeria could take to embark on a genuine road to economic development.

## CHAPTER 1

### Statement of the Problem

Nigeria has been experiencing severe economic difficulties in the areas of high unemployment, inadequate consumer goods, as well as massive wage and salary reduction since 1980 because of a dramatic fall in export earnings and heavy debt service payments by the federal government.

The present economic crisis is a manifestation of Nigeria's earlier reliance on foreign made consumer products such as dresses, confectionaries (milk, tea, sugar), cars, television sets, shoes and beauty cosmetics. It is also a reflection of Nigeria's predicament for allowing easy foreign access to economic investments in Nigeria without first encouraging the development of local entrepreneurs who could use local resources to create and satisfy the economic needs of Nigerians, thus creating a base for expansion.

Since independence, Nigeria's development efforts have been to catch up with the developed countries, and as such, have created the passionate want for goods and services obtainable in the developed societies which cannot be produced in Nigeria. Thus,

In spite of the newly-found cultural nationalism, Nigerian academics, social, political, and military leaders look at the development of the country in terms of seeking to achieve many of the conditions of good life in Western Europe, America, and Japan. These include industrialization, economic affluence, military hegemony, advanced technology, and urbanization. Hence

the concept of development involved here is that of a checklist of artifacts.<sup>1</sup>

Additionally, since these countries have luxury cars, wear designer jeans, make up their faces with lipsticks, perm their hair, organise trade fairs, these also became the value system of Nigeria. The belief is that the more of the above listed items Nigeria can produce and apply efficiently, the closer it is presumed to come to the standard of the advanced countries and thus the more developed it claims it becomes.

Under the above circumstance, Nigeria has lacked the capacity to create commodities from its own local resources, experience, and civilization upon which the nation' could expand, without first looking up to the standards set by the advanced countries. Therefore, the potential for technological transformation has thus been stunted. This is particularly evident in the lack of technology transfer to Nigerians by the foreign multinational corporations operating in Nigeria who concentrate their research and development efforts in the parent firms outside Nigeria.

Beyond these shortcomings, the international trading arrangement which makes Nigeria reliant on imported goods and services have come to be manifested in the following characteristics:

1. A divorce between local resources utilization for industrialization and those resources (essentially foreign), that go into

---

<sup>1</sup>Okwudiba Nnoli, "Development/Underdevelopment: Is Nigeria Developing?" Path to Nigerian Development (Dakar, Senegal: CODESRIA, 1981), p. 21.



actual production processes. Using the brewery industry for illustration, one finds that barley, which is the main ingredient for beer production, is imported to Nigeria from the United States and Europe, whereas soghum, millet and rice, which have been scientifically proven to be alternative raw materials to barley, which Nigeria produces, are neglected. A decision to use soghum, millet or rice for beer production in Nigeria will enhance a Nigerian ethnic economic development. With an average of four breweries in each of the nineteen states of Nigeria, the use of soghum, millet or rice will create an expanded market for more Nigerian growers, as well as facilitate the drive for mechanised production of these commodities.

Additionally, since the raw material for beer would be readily available in Nigeria, many Nigerian entrepreneurs will invest in the brewery industry which will lead to forward linkage such as the creation of employment, development of independent beer distributors and other intermediary services in the brewery industry.

2. Alienation from production processes which affects the capacity of Nigerians to be committed to the task of mobilizing mass energy for development. During the colonial period, the Nigerian economy was dominated by commercial multinationals like the United African Company (UAC), John Holt, A. G. Leventis and Paterson Zochonis. With the attractiveness of the Nigerian market, these companies were eager to secure a strong foothold by establishing semi-autonomous manufacturing firms in Nigeria. These foreign-owned companies had less competitive pressure from Nigerian traders. The companies, in

fact, used advertising techniques to institutionalize Nigerians to consume foreign made goods. At the same time, these companies had access to the respective infrastructural and credit incentives as well as tariff protection designed to aid industrial development. The Aid to Pioneer Industries Ordinance of 1952, the Industrial Development (import duties relief) Ordinance of 1957, and the Industrial Development (income tax relief) Act of 1958 serve as examples.

In this manner, the import of consumer goods by the foreign merchant firms disrupted local artisan and handicraft production which would have developed to massive scale production over the years. This view is well supported by Bade Onimode et al. who asserted that:

The outright elimination of indigenous modern firms (firm displacements) or the reduction in their market shares (market displacement) appears to have been less pronounced in Nigeria than say Latin America. The main reason of course is that there were hardly any indigenous modern manufacturing establishments before 1960. There is no doubt, however, that pre-emptive displacement has been widespread. The MNC's that first entered the country were able to keep indigenous enterprise out due to their control of sources of credit. The process was greatly facilitated by the colonial government policy of keeping public surpluses or government savings outside the country. Therefore, the potential indigenous entrepreneurs were discouraged by the simple fact that they did not perceive their chances of success to be good, given the very nature of the business environment at the time.<sup>2</sup>

3. A system of export that is not based on the sale of Nigerian made goods. In many cases such as in agriculture, during the 1960s and oil in the 1970s, the export sector has been developed

---

<sup>2</sup>Bade Onimode (ed.), Multinational Corporations in Nigeria (Ibadan: Les Shyraden Nig., Ltd., 1983), p. 49.

first and foremost with local consumption assuming a secondary role. Hence, while there is acute shortage of electricity in Nigeria the Republic of Niger, which receives electrical energy from Nigeria's Kainji Dam, does not suffer shortage of electricity. The same applies to petroleum, where many motorists suffer for lack of adequate gasoline at the expense of exported crude petroleum.

4. Adoption of foreign values, usually rationalized by the myths of international standards. For example, Nigerians like to spend holidays overseas when there are beautiful holiday resorts such as Yankari Games Reserve and Forcados Bar in Nigeria. Compared to domestic tourism, international tourism has become an increasingly important source of foreign exchange earnings not only to countries like England and the United States, but others such as Kenya, Egypt, Jamaica and Greece. Considering the enormous tourist attractions, including the examples above, that abound in Nigeria, tourism has not been recognized as a dynamic source of foreign exchange which could be used to finance capital development and also serve as a means of raising national income even when the multiplier effects are not considered.

The main source of tourists to Nigeria, as measured by amounts received, are the United Kingdom and the United States. By 1973, over 40 percent of Nigeria's tourist receipts came from the U.K. with the U.S.A. accounting for 14 percent. Receipts from African countries were only 7%. The geographical distribution of Nigeria's tourist spending abroad is, to a large extent, symmetrical with the source of receipts. For example, the U.K., which is the greatest source of receipts, also takes the largest share of Nigeria's tourist spending abroad. What is obvious from this situation is that the U.K. and the U.S.A. have

been the greatest attractions for Nigerians travelling abroad (mostly for summer holidays, educational and business trips).<sup>3</sup>

Table 1 depicts the purpose of Nigerians travel abroad as well as the destinations of travel.

5. A high rate of rural-urban migration without increased productivity either in the urban areas or in the rural areas.<sup>4</sup>

The Nigerian internal developmental problems have largely been shaped by her trading relations with Great Britain, and presently with the United States of America. This is because Nigeria's development plans and budgets are based on the revenues from her foreign trade for which Britain and the United States have had greater patronage. From the colonial era to 1966, Nigerian export revenues were largely from the sale of agricultural commodities for which Britain was the greatest purchaser. In this manner, Nigeria was in a situation where she had to adjust to the market needs of Britain in terms of the commodities to lay emphasis on, the qualities to produce, and the price at which they could be sold.

With the advent of military administration beginning in 1966, Nigeria shifted from the sale of agricultural commodities to the sale of oil for her foreign exchange earnings. This also marked the decline of Britain as a dominant economic force in Nigeria as well as giving impetus to the United States emerging as Nigeria's main trading partner.

---

<sup>3</sup>Michael Obadan, "The Role of International Tourism in the Economic Development of Nigeria," Nigerian Trade Journal, vol. 29, no. 1 (1982):14.

<sup>4</sup>Okwudiba Nnoli (ed.), Path to Nigerian Development (Dakar, Senegal: CODESRIA, 1981), p. 23.

TABLE 1

## INTERNATIONAL TOURISM: ANALYSIS BY PURPOSE OF TRAVEL

Credit	1970	1971	1972
Recreation	₦ 388,200	₦1,048,200	₦ 628,458
Business	2,256,320	2,297,800	3,630,434
Government Official	420,500	892,500	587,270
Formal Study	447,800	172,280	591,578
Miscellaneous	1,049,520	1,040,900	1,149,770
Total	₦4,582,340	₦5,451,680	₦6,588,610
Debit			
Recreation	₦23,275,317	₦17,313,608	₦12,500,466
Business	2,506,572	998,950	3,750,206
Government Official	358,081	907,990	2,493,968
Formal Study	8,593,963	9,981,326	4,677,718
Miscellaneous	1,074,245	750,854	7,786,622
Total	₦35,808,180	₦29,962,728	₦31,208,980

Source: Central Bank of Nigeria (unpublished records), 1972.

Notes: (1) The figures are expressed in the value of the Nigerian naira (millions).

(2) The miscellaneous account relates to expenses as a result of visits to friends or relatives, attendance of sporting or special events. It also includes expenses in connection with health needs, and Mecca pilgrims' expenses.

TABLE 2

INTERNATIONAL TRAVEL: ANALYSIS BY NATIONALITY  
OF TRAVELLER, REGION/COUNTRY VISITED

Receipts from	1970	1971	1972	1973
United Kingdom	₦1,777,980	\$2,454,850	₦3,040,326	₦3,244,458
U.S.A.	788,200	828,040	967,300	1,053,510
Western Europe (excluding U.K.)	832,500	903,610	1,075,050	1,245,674
Africa (excluding Nigeria)	172,280	146,440	240,164	559,898
Others	1,011,380	1,118,740	1,265,770	1,620,644
Total	₦4,582,340	₦3,451,680	₦6,588,610	₦7,641,220
Payments to:				
United Kingdom	₦15,397,517	₦13,915,028	₦10,553,416	₦10,261,110
U.S.A.	6,445,472	6,708,172	6,629,944	7,329,728
Western Europe (excluding U.K.)	5,371,227	4,007,220	5,495,156	5,667,368
Africa (excluding Nigeria)	2,148,491	849,274	2,604,442	3,245,670
Others	6,445,472	4,483,034	5,926,022	6,201,310
Total	₦35,808,180	₦29,962,728	₦31,208,980	₦32,705,186

Source: Central Bank of Nigeria (unpublished records).

Notes: (1) The figures are expressed in the value of the Nigerian naira.

(2) The table compares the receipts and payments between Nigeria and the United States as well as Western Europe for the period 1970 through 1973. The figures point to the fact that Nigeria makes more substantial payments on travel and tourist activities to the United Kingdom, Western Europe and the United States than she receives from these countries.

It is from this time that the United States' impact on Nigerian development became manifest. Between 1970 and 1979, Nigeria experienced a boom in construction of infrastructure, education and standard of living. This was because the United States purchase of oil from Nigeria was sufficient in quantity to provide Nigeria with the substantial amount of financial capital she needed. The stability of the United States as a purchaser also gave Nigeria the impression that she could continue to rely on the United States as a ready-made market for her crude oil sales. But by 1980, the policies of the United States changed.

The Reagan administration focused on balancing the budget and deficits with trading partners. His stringent economic policies became detrimental to Nigeria. These economic policies were summarized by Floyd W. Hayes III, who noted that:

.... in a nutshell, the tenets of Reagan's new federalism have been to:

1. reduce the size of the federal government by cutting deficit spending, balancing the budget, constricting government employment and terminating numerous social programs;
2. provide tax breaks for big business to stimulate investments;
3. retard the growth of money and credit in order to stabilize the dollar;
4. cut back social programs for the poor; and
5. increase military expenditures.<sup>5</sup>

---

<sup>5</sup>Floyd W. Hayes III, "Reagan and Reaganomics, Policy Choices in Changing Society" (unpublished paper presented at the National Conference of Black Political Scientists, Houston, Texas, 1982).

The fact that the United States also extended its policies to the global economy cannot be contended, especially when Vice President Bush stated that:

The present state of the global economy is not of Africa's making. In the world economic system, the United States has a special responsibility not only to put its own house in order but to help rekindle growth in other lands. We are deeply committed to that task, and to achieve it the American people are making real sacrifices. We are confident that when we are successful, Africa will benefit quickly and significantly.<sup>6</sup>

Similarly, American corporations used the Nigerian indigenization program as an excuse to adopt disinvestment policies in Nigeria by 1980. According to the survey conducted by the Financial Times:

From 1977 until 1980, as the Nigerianization programme was being progressively implemented, the net inflow of capital into Nigeria came to a halt. American investors still had serious reservations about the Nigerianization decrees. Some companies like Citibank and IBM preferred to withdraw from the Nigerian market rather than comply with the new guidelines. Others adopted a disinvestment policy in spite of the improvement in political relations between the U.S. and Nigeria.<sup>7</sup>

These assertions are best comprehended when we examine the trading relations between Nigeria and Great Britain vis-a-vis her trading relations with the United States between 1970 and 1984.

---

<sup>6</sup>Vice President George Bush, "A New Partnership with Africa" Current Policy, no. 438 (Washington, D. C.: United States Department of State, Bureau of Public Affairs, November 19, 1982).

<sup>7</sup>Daniel C. Bach, "Nigerian-American Relations: Converging Interests and Power Relations," Essays on Nigerian Foreign Policy (London: George, Allen and Unwin, 1981), p. 46.



When Nigeria emerged from colonialism in 1960, her economy was largely agrarian. The major export commodities were palm produce, cocoa, cotton and rubber. We have attached table 3 which depicts the relative importance of these commodities, their annual tonnage production, and their monetary value at independence.

TABLE 3  
NIGERIAN EXPORT COMMODITIES, THEIR TONNAGE  
AND VALUES IN POUNDS AT INDEPENDENCE

<u>Commodity</u>	<u>Tonnage</u>	<u>Value</u>
Palm Kernel	433,000	19,616,000
Palm Oil	174,000	13,777,000
Ground Nut	507,000	30,267,000
Cocoa	113,000	25,605,000
Cotton Lint	29,000	7,098,000
Cotton Seed	42,000	925,000
Rubber	40,000	7,024,000
Bananas	78,000	2,822,000

---

Source: Economic Survey of Nigeria (Lagos, Nigeria: Government Printers, 1960), p. 27.

Notes: (1) Table represents Nigeria's main commodities of export at independence. Produce are mainly agricultural in nature.

(2) Monetary value of produce is in the British pound sterling.

Similarly, the entire labor distribution of Nigeria was centered on agricultural activities. This is also reflected in our table 4 which illustrates the distribution of Nigerian labor force between 1960 and 1963.

TABLE 4  
NIGERIAN LABOR DISTRIBUTION, 1960-1963

Occupation	Number '000	% of Labor Force
1. Professional and Technical Related	441	2.41
2. Administrative, Managerial, Executive	39	0.21
3. Clerical	228	1.25
4. Sales	2,806	15.33
5. Agriculture	10,201	55.73
6. Mines, Quarry	14	0.08
7. Laborers, Arts and Crafts	2,190	11.96
9. Others	891	4.89
10. Unemployed	345	1.88

Source: Federal Office of Statistics, Population Census of Nigeria (Lagos: Labor Statistics Division, 1963), pp. 39-40.

Note: Table represents Nigerian labor force between 1960 and 1963. Figures do not add to totals. Table excludes the non-working sector such as children, the elderly and the handicapped. Figures reveal that over 50 percent of the Nigerian labor force at independence were engaged in agricultural activities.

Although less transnational capital was invested in the agrarian system in the early years of Nigerian independence, the value of her agricultural exports was much greater than the value of mineral exports. The main reasons which accounted for this phenomenon was that the export activities of Nigeria were largely controlled by foreign merchant firms (mainly European companies) who had successfully acquired substantial market shares in the distribution section during the colonial period. Jonathan Barker noted that:

The changing demands of Western capital from slaves to agricultural raw materials and minerals led to a proliferation of Euro-based trading firms specializing in tropical exports, and supported by banks and shipping companies.<sup>8</sup>

These companies had the control as to what commodities would be cultivated and the volume at which they could be purchased. In like manner, Thomas Hodgkins pointed out that:

Traders, shippers, and bankers collaborated in the purchase of peanuts, cocoa, and palm products for shipment to Europe where they were manufactured into salad oil, margarine, chocolate, and other products which in turn, were sold on European and world markets. The transnational corporations adapted themselves to peasant production by integrating all kinds of import and export trade over a wide geographical area in a process of horizontal expansion.<sup>9</sup>

Among the larger of the companies who controlled the operations in Nigeria right from the colonial era are, John Holt, the Compagnie Francaise de l'Afrique Occidentale (CFAO), the Societe' Commerciale de l'Quest African (SCOA), the Elder Dempster Shipping Company, the

---

<sup>8</sup>Jonathan Barker (ed.), Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984), p. 39.

<sup>9</sup>Thomas Hodgkins, Colonialism in Africa (New York: New York University Press, 1959), p. 68.

Standard Bank of West Africa, as well as the United African Trading Company.

However, the significance of Great Britain as Nigeria's leading trade partner declined as Nigeria took firmer control of her economy. One of the reasons which accounted for this was the change of leadership in Nigeria on January 15, 1966. The military coup which ushered in a new era in the Nigerian political economy presented Nigeria with a leadership which wanted a self-reliant economy. This was a deviation from the status quo oriented civilian government of Abubakar Tafawa Balewa who inherited the mantle of leadership from the British colonialists. With the developmental policies of the military leaders, Nigeria began to embark on the road to industrialization. The Nigerian indigenization decree (Nigerian Enterprise Promotion Decree, 1972), the creation of the Nigerian Industrial Development Bank as well as the creation of the Ministry of Technology are examples of these policies.

The effect of these policies was that those items such as cocoa, palm produce, cotton and rubber which were previously exported, now became raw materials for the local processing plants, as provided by Schedule 11 of the Indegenization decree.

Schedule 11 listed 57 businesses in respect of which the ratio of Nigerian share capital to foreign share capital should be 3:2, i.e. ownership must be shared 60 percent Nigeria and 40 percent foreign. Examples of enterprises included in this group were all categories of banks, beer brewing, clearing and forwarding, departmental stores and supermarkets having annual turnover of not less than ₦2,000,000, distribution agencies for machines and technical equipment, distribution and servicing of motor vehicles tractors and spare parts, or similar objects; fertilizer production, manufacture of cement, cocoa,

chocolate and sugar confectionary and plantation agriculture for tree crops, grains and other cash crops.<sup>10</sup>

With the above provisions, many Nigerian entrepreneurs were encouraged to invest in various food processing businesses, thus items which originally served as cash crops were now being used as food crops. Additionally, the rise in Nigerian population without a corresponding increase in the number of farmers meant that more of the food items that were originally met for export served as food items, more so when the late 1960s witnessed mass relocation of the Nigerian rural dwellers to the urban centers.

Additionally, the rise in Nigerian population which rose from 51.6 million in 1960 to 66.2 in 1970 and to 80.6 million in 1980<sup>11</sup> also accounted for the lack of ability to export agricultural commodities since Nigeria had many people to feed. Most important was the Nigerian Civil War (1967-1970). To successfully fight the war, the Nigerian military government sought alternative sources of revenue to augment her export commodities. It was at this time that emphasis was placed on oil trade. More government attention was drawn to the oil industry at the end of the civil war. At this time, the government had embarked on the reconciliation and reconstruction programs aimed at reconstructing the war damaged areas.

---

<sup>10</sup>Central Bank of Nigeria, "Policies and Strategies Towards Foreign Investment in Nigeria," Economic and Financial Review, vol. 18, no. 1 (June 1980):10

<sup>11</sup>Michael Simmons, "Vital Statistics," in Nigerian Handbook 1982-83 (Lagos: William Collins and Co., 1982), p. 36.

Another reason was to upgrade the overall outlook and standard of the newly created states, which had been created at the brink of the Nigerian Civil War. The Nigerian Civil War started shortly after the original four regions were dissolved for a twelve-state structure. Since many of the states were created from rural areas of the country, the military administration felt that the new states needed modern infrastructures to make them function efficiently as administrative arms of the country. Hence infrastructures such as the construction of Administrative Secretariats, modern roads, staff quarters and state police headquarters had to be built. Although these development efforts were necessary in 1967 when the states were created, they had to be delayed until the early 1970s when the Civil War was over.

The oil embargo against the United States and other Western industrial countries by the Arabs in 1973/74 also turned out to assist Nigeria in becoming prominent in the world oil trade. The United States, which is the world's greatest oil energy consumer, sought to trade with Nigeria. With their patronage, the United States soon became Nigeria's greatest trading partner, ousting Great Britain.

We have attached table 5 (five), which reflects the gradual decline of agricultural commodities in favor of oil and other minerals between 1960 and 1981.

With the oil trade having opened up opportunities in Nigeria for the United States, additional links were established. American businessmen started participating in the scramble for Nigeria business, both in investment opportunities, educational opportunities, as well as

TABLE 5

## NIGERIAN IMPORT AND EXPORT TRADE BY CATEGORIES 1960-1981

Year	Exports (FOB)			Imports			
	Oil Exports	Non Oil Export	% of Non Oil Total Export	Food NM	% of Total Import	Raw Materials NM	% of Total Import
1960	8.8	32.1	97.3	47.8	11.1		
1961	23.1	323.8	93.3	45.4	10.2		
1962	33.5	300.7	90.0	47.0	11.6		
1963	40.4	331.1	89.1	43.8	10.6		
1964	64.1	365.1	85.1	41.2	8.1		
1965	136.2	400.6	74.6	46.0	8.3		
1966	183.9	384.3	67.6	51.6	10.1		
1967	144.8	338.8	70.1	42.6	9.5		
1968	74.0	348.2	82.5	28.4	7.4	106.2	27.6
1969	261.9	374.4	58.8	41.8	8.4	149.6	30.1
1970	510.0	375.4	42.4	57.8	7.6	234.4	31.0
1971	953.0	340.3	26.4	88.2	8.2	303.0	28.1
1972	1176.2	258.0	18.0	95.2	9.6	263.8	26.6
1973	1893.5	383.9	16.9	126.3	10.3	327.6	26.7
1974	5365.7	429.1	7.4	154.8	8.9	573.7	33.0
1975	4563.1	362.4	7.4	298.8	8.0	1002.9	26.9
1976	6321.6	429.5	6.4	440.9	8.6	1313.0	25.3
1977	7075.8	557.9	7.3	736.4	10.4	1641.1	23.2
1978	5401.6	662.8	10.9	1020.7	12.4	1913.3	23.3
1979	10160.8	670.0	6.2	766.5	10.3	1726.2	23.1
1980	13523.0	554.0	3.9	1091.0	11.3	1588.4	26.8
1981	10280.3	189.8	1.8	1506.8	12.5	2931.2	24.4

Source: Central Bank of Nigeria, Annual Report, various issues compiled in 1981.

Note: Figures compare Nigeria import and export activities by categories. Figures show a corresponding decline of other exports as the volume of oil export increases.

in cultural exchanges. This came to the attention of Nicholas Taylor, who observed that:

The open-air here is awash with business types, all of them from somewhere other than Nigeria. They pause in the lobby's plump wicker chairs waiting for \$80.00 a day drivers to ferry them on rounds of meetings with agents, joint venture partners, bankers and government officials. They are here to fill the vast needs of one of the world's wealthiest developing countries.<sup>12</sup>

Although Nigeria gathered quite impressive influence in world trade, especially between 1970 and 1980, there have also been grounds for concern. The rapid growth of the economy laid bare the inadequate level of skilled labor in Nigeria. Manufacturing still accounted for less than 10 percent of Nigeria's gross domestic products by 1984, while manufactured and semi-finished goods formed approximately three-quarters of the country's total imports. It is in light of these shortcomings that we posed the problem of analyzing the trade relations between the United States and Nigeria, with a view of finding out how the trade relations are preventing Nigeria from attaining the "just and egalitarian society" she has set as her national objective, and if they are, how they are doing so.

#### The Role of International Trade in World Economy

The importance of trade between and among nations cannot be overlooked in present day world economy. In the early 19th century, the classical economists examined the relative importance of trade

---

<sup>12</sup>Nicholas Taylor, "Is Nigeria Really a Goldmine for Atlanta Business?" Business Atlanta (June 1983), p. 72.



to nations. They distinguished international trade from domestic trade by the process of factor mobility. They assumed that the factors of production, such as natural resources, capital, management and labor did not exist in each country. Hence, although a nation might have a sufficient variety of productive factors to produce some of what it wants, it would not be able to have sufficient productive factors for all it requires. Therefore each country specialises in producing those commodities whose production require relatively intensive use of productive factors found locally in abundance.

Contemporary economies have been shaped by the international trade and specialization of the past. The Nigerian economy in this regard, has developed alongside the shape initiated by the British colonialists - a disarticulated and incoherent development, which lacks forward and backward linkages. Although both private and public sectors were created in the Nigerian economy, both sectors have not been able to complement each other to enhance a coherent development so that the concept of 'Nigerian interest' can evolve. The public sector, for example, is supposed to protect the interest of the private sector through a process of legislations, regulations, and police protection so that the enterprises could generate profit. In turn, the private sector would pay taxes, support and finance public sector programs, as well as spearhead the economic expansionism of the country. This symbiotic relationship between private and public sectors is lacking in the Nigerian economy. Rather, the Nigerian public sector serves the interests of foreign enterprises through contract awards, patronage and professional advice.

Consequently, Nigerian businessmen undermine national economic independence through junior partnerships with foreign companies who export Nigeria's wealth to their countries. The lack of consensus between the Nigerian public and private sectors is well noted by Gavin Williams, who pointed out that:

Expatriate domination of investment opportunities and sources of capital accumulation inhibits the accumulation and reinvestment of capital by indigenous entrepreneurs who lack the resources to compete with vertically integrated multinational corporations. Consequently, indigenous entrepreneurs became compradors, i.e., intermediaries between expatriates and the indigenous polity and economy, and/or turned to the state as a source of capital. The increasing intervention of the state in economic life has caused it to control lucrative contracts and the disposal of monopolistic advantages. Consequently, politics has become the primary source of capital accumulation by Nigerians. Through the political process professional men, bureaucrats, and merchants, were able to accumulate capital and carve out monopolistic advantages for themselves within the neo-colonial political economy and thereby form a bourgeoisie.<sup>13</sup>

To better maximise exploitation of Nigeria, the British invested in those areas dictated by their economic interest and not where development was necessary. In the transportation sector, for example:

... the Kano-Apapa Railway Line was built to facilitate the collection of cotton, groundnuts, and cocoa for export. The Enugu-Port Harcourt line was built to serve the oil palm trade. They did not constitute any coherent system of communications, neither did they contribute to the building of a coherent economy.<sup>14</sup>

Since colonial jobs could only be secured in these transportation centers, many people moved to settle in the cities located at the railway lines.

---

<sup>13</sup>Gavin Williams, "Class Relations in a Neo-Colony: The Case of Nigeria," African Social Studies: A Radical Reader (New York: Monthly Review Press, 1971), p. 284.

<sup>14</sup>Claude Ake, Political Economy of Africa (Lagos: Longman Press, 1981), p. 44.

Having developed this pattern of settlement, British firms were able to organize their activities in and around the Ibadan-Lagos, the Kano-Kaduna, Zaria-Jos complexes, the Port Harcourt-Warri-Lagos axis, and the Port Harcourt-Aba-Enugu axis. This colonially instituted settlement pattern has been at the heart of Nigeria's political and economic underdevelopment.

These centers have continued to remain economically isolated from the larger part of Nigeria. The non-cohesive national economy has thus encouraged Nigerian tribalism and sectionalism "since any economic segment can break up to form a separate entity without actually being affected by the other economic groupings as manifested during the Nigerian Civil War."<sup>15</sup>

Developing nations who embark on developmental efforts make economic and political alliances with those developed countries who could help facilitate the achievement of their development strategies. The experience under British hegemony explains why there was the movement of Nigeria towards the United States. Examining the over-prolonged sojourn Nigeria had under Great Britain, Akeredoula Ale maintained that:

The predatory and exploitative orientations and activities of foreign monopoly capital, its inherent tendency to resist and hamper local industrialization and to perpetuate mercantile capitalism, and its determination and deliberate efforts to retard the growth of indigenous entrepreneurship - all these have heavily influenced Nigeria's economic history for well over a century.<sup>16</sup>

---

<sup>15</sup>Kirk Green, Crisis and Conflict in Nigeria: A Documentary Source Book, vol. II (London: Oxford University Press, 1978), p. 186.

<sup>16</sup>Akeredolu Ale, "Private Foreign Investment and the Underdevelopment of Indigenous Entrepreneurship in Nigeria," Gavin Williams, ed, Nigeria: Economy and Society (London: Rex Collins, 1976), p. 106.

In the efforts to overcome the above problems, Nigeria looked up to the United States to assist in her development efforts. In a direct appeal to U.S. businessmen and investors, Nigeria declared that:

... the Nigerian economy remains open to all U.S. investors who are interested in contributing towards the development of the country as partners.<sup>17</sup>

Considering all the aforementioned, it becomes evident that a clear distinction exists between Nigerian earlier dependence on Britain and her current dependence on the United States. Under Britain, policies regarding trade and other economic activities of Nigeria rested in the hands of Britons.

Under the present arrangement, dependence on the United States is machinated through economic and political pressure on the Nigerian leaders by the United States. Although Nigerians now control the policy making process, they cannot exclude the interest of the United States in the considerations of Nigerian economic and political interests. Our concern here can best be explained in a 1981 incident when President Shehu Shagari warned during his visit to Britain that Nigeria was committed to the independence of Namibia and the eradication of apartheid in South Africa. He further announced Nigeria's intention to "use any means at our disposal including oil to secure Western support for the liberation of Southern Africa."<sup>18</sup>

---

<sup>17</sup>Onaolapo Soley, "Nigeria Assures U.S. Investors," Nigeria Concord International, vol. 1, no 3 (February 21-18, 1984):1.

<sup>18</sup>Daniel C. Bach, "Nigerian-American Relations: Converging Interests and Power Relations," p. 50.

But by April of that year, Chester Crocker stopped over in Lagos to discuss Nigerian views on Namibia. An American company - the American Atlantic Richfield Corporation (ARCO) notified the Nigerian government of its intent to terminate two oil supply contracts for about 60,000 bpd, owing to the continued high price of Nigerian oil.

In the circumstances, Nigeria had to rule out any consideration of using oil as a weapon to pressurise the U.S. over Namibia or South Africa. On this very issue Chester Crocker sternly commented to Nigerian leaders that the U.S. had economic interests throughout Africa and we are not going to be forced by anybody to choose between them.<sup>19</sup>

As the example above suggests, Nigerian actions and policies are curtailed because Nigeria relied on the revenues from the sale of oil for which the United States is the major purchaser. The implication is that Nigeria's economic activities and projections then depend on the economic situation in the United States.

In agriculture, while Nigeria supplied the Western capitalist countries with agricultural commodities in large quantities at the direction of British merchant companies that operated the Nigerian economy previously, today, Nigeria indulges in massive importation of food. But this time food import is from the United States. In fact, as Robert Shenton noted, "underpriced North American rice and wheat imports have further undercut domestic production. And it is here that the analogy with early nineteenth century Britain ends."<sup>20</sup>

---

<sup>19</sup> Ibid., p. 52.

<sup>20</sup> Michael Watts and Robert Shenton, "State and Agrarian Transformation in Nigeria." Jonathan Barker (ed.), The Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984), p. 181.

It is here that our study delineates Nigerian dependence under Britain from Nigeria's greater dependence on the United States in the current economic relations with the United States

Although cash crop production was encouraged more than food crop production under British dominance, Nigeria was self-sufficient in consumable food items. But its dependence status today requires that Nigeria import food to sustain its citizens. The situation is worse for Nigeria at the present time because she is forced to sell more oil to the United States and at the same time import those essential food items from the United States. This, no doubt, has serious consequences on Nigeria when we consider the glutted nature of oil in the international market.

Buying massive food from the United States deepens Nigeria's reliance on foreign food imports. This is because cheap food import from the United States increases the prices of domestically produced food, as Nigerian farmers will increase their prices of foodstuff to meet costs associated with farming, distribution and competition with American imported food. Attached is our table 6 which reveals the increase of Nigerian dependency of food imports from the United States.

Another problem generated was that with emphasis on oil production to satisfy the US demand, and the massive infrastructural construction the oil economy generated, there was a drift of population from the rural areas to the urban and oil producing cities such as Warri, Port Harcourt, Ughelli and Patani for wage and salary employment. This drift allowed the able-bodied youths and would-be farmers to desert the rural areas while leaving behind the old people, the sick, and

children who are incapable of performing farming activities. Thus,

The disintegration of the rural economy created a class of individuals who are too poor to farm. The exodus of these citizens in turn increased the burgeoning demand for cheap food in urban areas. These have been the central elements in the making of Nigeria's current agrarian crisis.<sup>21</sup>

TABLE 6  
VALUE OF UNITED STATES FOOD IMPORTS  
TO NIGERIA (\$ million)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Food and Live Animals	21	40	64	77.9
Wheat (unmilled)	19	35	51	61.8
Cereals (unmilled)	NA	2	2	0.2
Preparations of cereals, flour, starch	0.5	0.9	2	1.7
Rice	0.2	NA	2	3.7

Source: Michael Watts, The Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984).

Note: Table illustrates the continuous trend of food import from the United States by Nigeria, thus revealing that Nigeria was doing less to develop independent food policy, while the US was doing more to export food to Nigeria.

Another important point is that while Nigeria was exploited because Britain controlled the Nigerian agricultural commodities market, this time, the United States is invited to invest in the actual

---

<sup>21</sup> Ibid., p. 193.

productive agricultural sector of Nigeria. Such open invitation was witnessed in July 1980 when,

The United States and Nigeria signed a memorandum encouraging American agribusiness, in conjunction with the United States Department of Agriculture, to increase investment in Nigerian agriculture. The memorandum provides for the opening of Nigerian trade and investment centers in the United States, the development of a United States Department of Agriculture Trade Office in Lagos, and the creation of an intergovernmental working group to design and implement specific agricultural projects in Nigeria.<sup>22</sup>

This accord has been signed only with the United States and not with any other country. This study shows that inviting the United States to invest in Nigerian agriculture will have more serious consequences for Nigeria. Many Nigerian agriculturists, especially those in rural areas, will be displaced because of the higher investment funds and advanced technology available to the United States.

Moreover when the American investors include giant financial concerns and agribusiness such as the Ford Motor Company, Pfizer, Occidental Petroleum, Carnation, Allis Chalmers, First National Bank of Chicago, and Chase Manhattan Bank. Evaluating the developments, it is our view that the current penetration of the Nigerian economy by the United States is more diversified, and would make Nigeria more dependent and will impact negatively on Nigerian development aspirations than that of Britain in the past and currently. This

---

<sup>22</sup>Ibid., p. 193. Also, Federal Government, The Green Revolution: A Food Production Plan for Nigeria (Lagos: Federal Ministry of Agriculture, 1980), p. 10.



penetration is being encouraged not for the interest of the majority of Nigerians, but for the interest of the Nigerian petty bourgeoisies who use state apparatus to enrich themselves.

### Purpose and Significance of the Study

The widespread view about Nigeria has been that she is one of the world's fastest developing nations in the third world, with Western orientation.

This view is held by Ekundare, who asserts that:

There is a strong belief that the Nigerian economy has passed the stage of economic take-off and reached that of self-sustaining growth. Nigeria was one of the few African countries to realize that the survival of modern competitive capitalism as a philosophy of economic growth depends not so much on attacks on the economic systems of their countries as on the ability and the willingness of capitalism, guided by a proper national policy, to accept the increasing challenge facing it in a rapidly industrial circle.<sup>23</sup>

Nigeria dropped the British parliamentary mode of government for the American type of presidential system in 1979 after thirteen years of military rule. During the adoption of the presidential system of government in Nigeria, scores of study tours were organized for Nigerian politicians and policy makers to study the operation of the United States political process. Similarly, when Nigeria thought of the construction of a new Federal Capital at Abuja, American companies

---

<sup>23</sup> Robert Ekundare, An Economic History of Nigeria (London: Methuen Publishing Co., 1974), p. 400.

were invited to participate in the architectural design, general equipment supplies and were allowed to participate at various other professional levels. All these activities have no doubt strengthened the trade relations between Nigeria and the United States more than with any other country.

In like manner, the United States welcomes a continued trade relations with Nigeria. She sees Nigeria as a country which "... remains as a viable long term market, which offers excellent opportunities for American firms willing to accept the challenges."<sup>24</sup>

Following these business prospects in Nigeria, the United States International Trade Administration, the State Department, as well as non-governmental agencies have all taken interest in studying the political and economic set up and operations of Nigeria. But while publishing their findings about Nigeria, most of the analyses have presented a one-sided story - the American side. Their analyses have centered around how Americans could continue to tap the resources of Nigeria through trade and not how Nigeria could benefit from U.S. technology or expertise in various other sectors. It is this American centered tendency that has given impetus to our study which seeks to unveil the Nigerian side of the many years of trade relations with the United States. Through a process of establishing causal relationship, our study analyzes the impact of the U.S.-Nigeria trade relations on the Nigerian society.

---

<sup>24</sup>Jean R. Tartter, "Government and Politics," Nigeria: A Country Study (Washington, D.C.: The American University Press, 1981), p. 228.

A second reason for this study is the discovery of anomalies in the existing literature on Nigerian-U.S. relations. The studies already done have been broad analyses encompassing too many facets, thus providing too shallow information needed to comprehend the sectorial dynamics of U.S.-Nigeria relations. Our study is specific, comprehensive and geared specifically to the analyses of U.S.- Nigeria trade relations.

Additionally, Nigeria's role as an ex-British colony which has had substantial British investment has made many intellectuals believe that Nigeria is still a "British responsibility,"<sup>25</sup> and thus could be the country responsible for Nigeria's inability to attain her desired just and egalitarian society. The period following 1966 has been of a continued decline in the political economy of both Nigeria and Britain, with the United States assuming the role Britain used to occupy with Nigeria.

Politically, Nigeria gave up its British-oriented parliamentary system of government in 1979 for the American presidential system. This was more enhanced when many Nigerian politicians and bureaucrats were sent to the United States to understudy the working mechanisms of the American presidential system.

Also, in the cultural sphere, especially viewing it from the educational point of view, we notice a larger inflow of Nigerian students to the United States universities than to British schools, especially

---

<sup>25</sup>Isawa J. Elaigwu, "The Nigerian Civil War and the Angolan Civil War, Linkages Between Domestic Tensions and International Alignments," Journal of Asian and African Studies, vol. XII, (Fall 1982):82.

during the Jimmy Carter presidency. The role of education is viewed as an aspect of trade in our study for the following reasons. The movement of students from Nigeria to the United States for educational purposes is well regarded by the Nigerian government because of the vital part the movements play in the invisible account and balance of payment position between the United States and Nigeria. Secondly, foreign exchange for the remittance of school fees to Nigerians studying in the United States have often occupied a focal policy position in the respective administrations in Nigeria because "Nigerian students alone claim 25 percent of the degrees awarded at Howard University, U.S.A.,"<sup>26</sup> with payment of fees to Nigerians studying abroad amounting to the sum of ₦335 million in 1983 alone. Our table 7 depicts a comparison of Nigerian students to other African countries in the U.S.A.

Apart from this drift to American Universities by Nigerian students, there has also been tendencies for Nigerian universities to copy the pattern and processes of American educational system. This is most glaring with the shift from the British term system to the American semester system. These phenomena have aptly been described as the Americanization of Nigerian future intellectuals. Yusufu Bala Usman, examining the implication alerted that:

The issue of the state of our foreign policy, especially the drift of subservience to America calls for vigilance, but so also do the current American plans to virtually take over

---

<sup>26</sup>Onaolapo Soley (Finance Minister), "Students Problems A Priority-FMG," Nigerian Concord International, vol. 3 (February 21-28, 1984):16.

TABLE 7

COMPARISON OF NIGERIAN STUDENTS AND STUDENTS FROM  
OTHER AFRICAN COUNTRIES IN THE UNITED STATES,  
FOR SELECTED YEARS 1954-1955 AND 1979-1980

<u>Country</u>	<u>1954-1955</u>	<u>1979-1980</u>
Egypt	28.4	4.6
Nigeria	21.7	45.2
Liberia	15.2	N/A
South Africa	12.7	N/A
Ghana (Gold Coast)	6.6	5.0
Libya	--	8.4
Kenya	--	5.1

Source: "1979-80 Report on International Educational Exchange,"  
Open Doors (New York: Institute of International Education, 1980),  
p. 8.

Note: Table compares the movement of Nigerians to the United States for studies before and after Nigerian independence. Nigerians studying in the United States doubled after independence, especially in the 1970s. Figures also show that unlike the period before Nigerian independence, Nigerians studying in the United States are more than students from other African countries. Figures represent percentage of total African students in the United States.

key aspects of our universities. This plan seems to be in collision with the National Universities Commission.<sup>27</sup>

Similarly, the crave for American music in Nigerian discotheques and social gatherings, the popularity of American jeans among Nigerian youths, the wearing of dresses with inscriptions such as "Miami Vice,"

---

<sup>27</sup>Usman Bala Yusufu, "American Plans for Nigerian Universities," For the Liberation of Nigeria (London: New Beacon Books, 1978), p. 73.

"University of Chicago," "I Love New York," "Los Angeles," as well as the general desire of the Nigerian youths to be in the United States, all contribute to the rapid acculturation of Nigerians into American ways of life.<sup>28</sup>

A thorough examination of the aforementioned in this study makes our study a new approach to the investigations of Nigerian political economy. With special interest in United States-Nigeria trade relations, our study will foster more research into the different areas such as education, diplomacy and cultural exchanges, where Nigeria has relationship with the United States. It is in light of this that the findings of our study provide a major resource base for further studies into United States-Nigeria political economy.

#### Scope of the Study

Our research analyses examine U.S.-Nigeria trade relations in three areas: petroleum oil, agriculture, commerce and industry. Apart from exchanges of commodities, our analyses also include investments in each of the areas under examination.

In our sectorial investigations we have examined the following areas: The importance of petroleum oil in U.S.-Nigeria economy; the history of oil exploration in Nigeria; and the extent of U.S. involvement in the exploitation, production and marketing of the Nigerian oil.

In the agricultural sector, we examined the growth and structure of Nigerian agriculture, its position in world trade, especially to Britain and the United States up to 1966, and the decline of agriculture as Nigeria's vital source of foreign exchange earnings. We have also

examined the trade and direction of agricultural commodities, especially identifying those agricultural commodities being imported from the United States. We also examined American investment in the vast Nigerian agricultural industry. Our study analyses the pre-emptive effect of such investment on Nigeria's future.

In our investigation into commerce and industry, we charted and detailed the importation of merchandise and equipment in the trade process. We also examined professional services and tourism as an aspect of commerce between the United States and Nigeria.

### Hypothesis

In conducting the study we hold the assumption that the trade relations between Nigeria and the United States have made Nigeria dependent on the United States.

As we illustrated in our statement of the problem, political economic relations between the United States and Nigeria pre-date Nigeria's independence. But there was a higher volume of trade between Nigeria and Britain up to 1966. Following the decline of Britain as Nigeria's greatest trading partner, the United States assumed the role as Nigeria's leading trading partner with its substantial import of Nigerian oil.

While Britain, France and other Western European countries still retain their position as Nigeria's trading partners, it is important to note that reliance on revenues from these sources has diminished because by "July 1981, Nigeria was selling over half of its oil exports

to the United States which clearly became a constraining factor of dependency."<sup>28</sup> Consequently, Nigerian budget was being based on the revenue from oil sales. Apart from being the main source of capital inflow to Nigeria, the United States equally continued to invest in the Nigerian economy, especially in the oil and agricultural sectors.

### Definition of Concepts

The proper use of concepts employed in research has often evoked confusion for students and scholars alike in the field of social sciences. A variety of terms are used loosely and interchangeably provided the concepts are accepted within the sets of related generalizations. The following concepts are intended as a guide, both for the researcher and also to the reader; so that our study can be read with some common understanding. Therefore, we have refrained to delineate in an exhaustive manner the meaning of each term insofar as they are employed in this study. However, we hope to provide the reader with more detailed understanding in a political science perspective as he goes through the content of the study.

### Dependent

Dependent in our analyses has been used to mean that Nigeria has virtually found itself in a situation where she has to rely on trade with the United States to be able to generate such items as food, financial capital and technology, which she needs for her economic and social survival.

---

<sup>28</sup>Ibid., p. 19.



### Oil Trade

It involves the exporting of crude oil by Nigeria to importing countries, especially the United States. We also extend the definition to investment and participation in the Nigerian oil industry by the United States.

### Agriculture

Throughout the study we have used agriculture as an umbrella under which we examined the trade transactions in agricultural products such as wheat and rice, as well as U.S. investments in various segments of Nigerian agriculture.

### Commerce and Industry

This refers to trade activities and relations in merchandise, equipment and professional services such as consultancy, insurance, banking and tourism. It also includes transactions involving technology transfer, as well as educational services and opportunities.

### Investments

In investigating the areas enumerated above, we have used investment as a concept to denote the use of substantial amounts of money to establish income-producing projects such as farms, factories or irrigation dams.

### Research Methodology

The historical method was used in carrying out the study. The historical method of research is a universally accepted method of

social science investigation,

... which isolates variations in single causes and their associated effects. These variations may be in time, from month to month, year to year or epoch to epoch. They may also be in space, from farm to farm, country to country, or region to region, ordinarily called geographical.<sup>29</sup>

We believe that the historical method would provide us with the advantage of being able to investigate the pattern of U.S.-Nigerian trade relations since 1960, by examining both primary and secondary evidence of historical nature.

We also augmented the historical method with a technique called the critical evaluation and selective use of existing studies technique. This technique is a process whereby the researcher uses research data from various sources which he (researcher) considers useful to the successful validation of his assumptions. This technique provided us with the basis of examining various area study researches already conducted by the U.S. Department of Commerce, various studies by intergovernmental agencies, the Nigerian Ministry of Trade and Industry, as well as newspapers, magazines, radio broadcasts, and trade journals.

In order to substantiate our hypothesis, we posed the following questions to be examined:

1. What has been the pattern of U.S.-Nigeria trade relations since Nigerian independence in 1960?
2. What factors encourage the trade relations between the

---

<sup>29</sup>Wilson Gee, Social Science Research Methods (New York: Appleton-Century-Crofts, 1950), p. 280.

United States and Nigeria?

3. To what extent has Nigeria benefited from the trade relations with the United States?

Each of these questions relates to our hypothesis because the search for answers to each of the questions provided the totality of the study upon which our findings were based.

Question One, for example, enabled us to examine U.S.-Nigeria trade relations under the different administrations Nigeria has had since independence. The first civilian government 1960-1966, the military administration 1966-1979 and the second republic (return to civilian rule) 1979-1984.

Similarly, Question Two was crucial to our ability to substantiate the hypothesis. By searching for the factors that have encouraged U.S.-Nigeria trade relations between 1960 and 1984, our research became thorough because we examined both political, economic and social factors to determine their contribution to U.S.-Nigeria trade relations.

Question Three related to our study because it helped us to examine the summary effect and consequent impact of Nigeria's trade relations with the United States. The examination entailed findings on the political, economic and social impact on Nigeria.

To answer Question One we examined Nigeria in three historical epochs: 1960-1966, which was Nigeria's early years of independence and ruled by the first civilian administration, as well as being a major agricultural export country; 1966-1979, this second period was the era of the military in Nigeria politics, a period that saw Nigeria

in a civil war. At this time Nigeria also suddenly emerged as an oil rich nation. The third epoch, 1979-1984, was also unique. This period marked the return of Nigeria to civilian rule with the adoption of the presidential system of government which had been alien to Nigeria and typical of the United States.

In each of the historical epochs we examined trade policies, economic situation and such related historical information on Nigerian trade relations with the United States. Data that we analysed pursuant to this question were trade data such as indexes, statistical charts, direction and movement of goods. These data analyses are important because they enabled us to determine the volume of trade and items of trade between Nigeria and the United States.

We have also applied the segmented periods in our analyses of Chapter Two. But instead of examining evidence such as statistical data and trade indexes, we were examining the factors that determine the trade relations between the two countries. In this regard, we examined evidence such as political factors, the Nigerian civil war, the creation of twelve states in Nigeria. We also examined economic factors such as the economic conditions of Nigeria in each of the three epochs. These included the economic policies of Nigeria such as the need to move from an agribase economy to a diversified economy, the need to feed the teeming population as well as the perception of the United States as a more liberal country to acquire technology from.

The data we have used here are secondary evidence. We used books already published in the field on Nigeria, the United States

and third world countries. We have also examined trade pacts, treaties, and memoranda signed by both countries. In addition, we examined political statements, radio broadcasts made by leaders of the United States and Nigeria on different occasions as they affect the trade relations between both countries.

Other sources of evidence for our analyses are newspapers, editorials and articles of the Nigeria news media. Specifically, we used periodicals such as West Africa, The African Concord International, The African World News, Times International, and The Statesman. Beside these sources, we used numerous copies of periodical studies published by the United States Department of Commerce. These included Marketing in Nigera, American trade reviews and opportunities survey reports.

Primary data used for the study included statistical data on Nigerian import and export activities. These included data such as number of visitors to Nigeria on business from the United States, volume of exports by commodities, volume of imports, country of import, and amount in Naira. Data on investors in Nigeria, their country of origin, amount of money invested and by industry. Our study also utilized primary data such as economic indexes featuring revenues, sources of revenues, as well as dates on expenditures on agricultural, manufacturing and commercial activities. Our sources of these data are the Central Bank of Nigeria, The Federal Ministry of Finance, Federal Ministry of Trade and Industry, and the Department of Commerce of the United States. Other primary evidence for our study included radio broadcasts, communiques by both Nigerian

and American political leaders. Sources of these data were The Federal Ministry of Information in Lagos, Nigeria and also through government gazettes. Similar information were also secured from the Department of State, Bureau of Public Affairs, Washington, D. C. The collection technique for our data was made through application processes. Specific data and information necessary for our study were applied for through the telephone and by letter writing.

### Theoretical Framework

The theoretical framework utilized in the research is derived from the theories of dependency referred to by Ronald Chilcote as "Theories of Development and Underdevelopment."<sup>30</sup>

One of the dominant features of the present day world economic order is the unequal relationship between the developed countries and the developing nations. The developing nations have relied on the doctrine of comparative advantage (a classical theory of international trade) often initiated by the developed countries, without favorable result. According to this theory, countries like individuals, should specialize in limited range of production in the areas where they have comparative advantages. In this process, the classical theorists argue that there would be proper international division of labor and technological diffusion. As it turned out, the benefits of comparative advantage of international trade accrued disproportionately to the

---

<sup>30</sup> Ronald H. Chilcote, Theories of Comparative Politics: The Search for a Paradigm (Boulder: Westview Press, 1981), p. 271.

developed nations at the expense of the less developed countries.

As Michael Todaro pointed out in his study:

It reflects the highly inegalitarian institutional social and economic ordering of the global system in which a few powerful nations and their multi-national corporations control vast amount of world resources.<sup>31</sup>

The inequality of international trade under the classical arrangement included the manipulation of the less developed countries through non-compliance with the provisions of General Agreement on Tariffs and Trade (GATT). Since World War II, the General Agreement on Tariffs and Trade has provided the framework of rules for nations management of their commercial policies. GATT was established on the underlying assumption that participants in international exchanges are relatively equal. Thus GATT's most pervasive concern has been that:

... trade restrictions not discriminate between supplier countries. Any advantage, favour, privilege, or immunity granted in trade with one country shall be accorded immediately and unconditionally to like trade with all GATT members.<sup>32</sup>

Consequently, GATT structures its provisions in three areas--discriminatory trade controls, quantitative restrictions, and the settlement of disputes over trade policy of countries.

GATT attributes the rapid growth of exports of labor-intensive manufactures from some less developed countries in Asia and Latin America to its success. For instance a study by the Organization for

---

<sup>31</sup>Michael P. Todaro, Economics for a Developing World (London: Longman Publishing Co., 1977), p. 13.

<sup>32</sup>Richard E. Caves and Ronald W. Jones, "GATT and Multilateral Trade Liberalization," World Trade and Payments (Boston: Little, Brown and Company, 1981), p. 240.

Economic Cooperation and Development (OECD) pointed out that:

... a group of newly industrialized countries such as Spain, Singapore, South Korea and Taiwan, had expanded their world share of exports of industrial commodities from 2.5 percent in 1963 to more than 7 percent by 1977. The United States percentage of manufactured imports from these countries rising from 5.9 percent in 1973 to about 20.0 percent in 1977.<sup>33</sup>

Despite these success stories, the less developed countries have been conscious of the mountainous tariffs, policies of reverse preferences and other non-tariff barriers the developed countries have imposed on the kinds of goods that the less developed countries have to export.

The disillusionment of the less developed countries over trade barriers on their commodities is not unfounded. A thorough examination of the tactics used by the developed countries include:

1. Technical Standards.-Technical and administrative barrier to trade arises from the differences in technical standards employed from country to country such as in electrical voltages, chemical strength or other complexities of manufacturing. The use of technical standards as a weapon against a developing country comes about when manufacturers are forced to redesign their products to meet a specific country's specification before they are allowed access. Manufacturers in less developed countries are not able to undertake this hardship because of their limited finances. Therefore, they concentrate on their home markets.

---

<sup>33</sup>Organization for Economic Cooperation and Development, "The Impact of the Newly Industrializing Countries on Production and Trade in Manufactures." (Paris: Report by Secretary General, 1979).



2. Customs Valuation.-The determination of the tariff on an import usually involves two steps. These are the process of establishing the rate of duty to be paid, and the process of setting appropriate value of the imported goods on which ad valorem rate would be paid. Customs valuation practices are thus used to increase the incidence of tariffs by raising the value of foreign import.

A well-known feature of the U.S. tariffs has been the valuation of certain imports not on the usual basis of their selling prices abroad but rather on the wholesale prices of competing goods produced in the United States. This is called the American Selling Price (ASP) system. Because the protected American procedures charge higher prices than their foreign competitors, this practice increases the incidence of tariffs.<sup>34</sup>

3. Preferences.-Some developed countries grant preferences to some countries of their choice from whom they allow import of commodities. The United States, for example, granted this preference to many Asian countries such as Taiwan, Singapore, and Thailand under the Trade Reform Act of 1974. The preferential strategy is mostly used by members of the European Economic Community (EEC) who have adopted the "Rules of Origin Principle." According to Monique Garrity, "These rules are intended to enable the customs administration to identify exactly which products it can regard as having originated from a chosen (A4) country and as such eligible for free access."<sup>35</sup>

---

<sup>34</sup>Ibid., p. 13.

<sup>35</sup>Monique P. Garrity, "Implication of the Lome Convention for African Trade and Development," The Review of Black Political Economy (Fall 1983):23.

Another area of contradiction has been with technological transfer. It soon became clear that the multinational corporations and advanced countries are not transferring appropriate technology to the less developed countries. This fallacy of supposed technological transfer is best explained by Thomas J. Beirsteker who observed that:

The limited transfer of technology has several adverse second-order consequences. Economic capabilities are reduced because the technological dependence that is created strongly inhibits the creation of technological and scientific capabilities in national manufacturing activity. In addition, because they transfer so little technology, multinational corporations largely determine patterns of production and consumption in host countries.<sup>36</sup>

He further argued that the importation of inappropriate technologies to the third world countries by multinational corporations leads to actual reduction in the economic activities of these countries because:

Capital intensive techniques tend to discourage production linkages either backward or forward<sup>37</sup>

which are needed to contribute significantly to added employment and production which set off a chain of growth throughout the economy.

The third world countries have not slept over the imbalance in the trading relations. For more than a decade, the developing countries have pressed a collective demand on the developed countries for new policies and institutions that would reorient the world economy toward a New International Economic Order (NIEO), in order

---

<sup>36</sup>J. J. Bierksteker, Distortion or Development? A Contending Perspective on the Multinational Corporations (Massachusetts: MIT Press, 1981), p. 13.

<sup>37</sup>Ibid., p. 14.

to rectify the abnormalities between the rich and poor countries, as well as bring about a balanced economic development.

A program of action on the establishment of a New International Economic Order was first enunciated in Algeria by the Group of 77. It was adopted by the United Nations General Assembly in 1974.<sup>38</sup> This program identified several actions that could be taken to bring about maximum economic co-operation and understanding among all countries, especially between the developed and the developing countries. Some of these programs included actions designed to:

1. Facilitate the functioning and further the aims of producers associations;
2. Expedite the formation of international commodity agreements to stabilize world markets for raw materials and primary commodities;
3. Improve access to markets in developed countries through the progressive removal of tariffs and non-tariff barriers and the enlargement of the generalized systems of preferences;
4. Support initiatives in the regional, sub-regional and inter-regional co-operation of developing countries, and thereby promote collective self-reliance among them.
5. Increase the flow of financial resources to the developing countries and mitigate the burden of external debt; and
6. Formulate and implement an international code of conduct for transnational corporations.<sup>39</sup>

---

<sup>38</sup>United Nations General Assembly Resolutions 3201 (S-VI) and 3202 (S-VI), May 1, 1974.

<sup>39</sup>Franklin R. Root, International Trade and Investment (Cincinnati: South-Western Publishing Co., 1978), p. 437.

Beside the efforts of the United Nations and of third world countries through the Group of 77, many economists, political scientists and social scientists have come to be extremely critical of the trading relationships between developed and less developed nations.

First to conduct theoretical analyses of the problems were the intellectuals of the advanced countries, who propounded the modernization theories. Pioneers of this theory argued that the experience of Western European and advanced countries suggested a linear path toward modern development by pursuing a path through successive stages of development. The most influential proponent of this theory was the U.S. Economic Historian, Walter W. Rostow. In his Stages of Economic Growth: A Non-communist Manifesto, he outlined five stages of path to development, namely:

1. The Traditional Society.-The traditional society, he notes, is grounded on pre-Newtonian science and technology and pre-Newtonian conceptions of the physical world. He thinks there is a ceiling on pre-capital output and income because of the absence of modern science and technology. According to him, the early civilization of the Middle East and the Mediterranean region belonged to the traditional stage of economic growth.
2. The Pre-conditions for Take-off.-According to W. W. Rostow, this is a transitional stage when societies develop the conditions necessary for the next stage. Pre-condition societies are a mixture of the traditional and the new. A few enterprising people take up the new ways, mobilizing capital and investing in modern production facilities, but the masses of people remain peasants, clinging to the traditional ways that spell low productivity and stagnation. Hence, the decisive factor in this stage is political - the building of a centralized national state.
3. Take-off.-This is the stage of the great watershed of economic growth. Traditional resistances weaken

and are finally overcome as the society enters upon a process of cumulative growth. Modern technology, modern organization and modern attitudes come to dominate economic activity.

4. The Drive to Maturity.-In this stage of growth, the economy moves beyond the industries that originally gave impetus to its take-off, such as textiles and steel. The society now has the capacity and technology to produce anything it chooses to produce, although it would be uneconomical to do so given the advantages of international specialization. Industrial processes become progressively more sophisticated; imported goods are now produced at home, export goods are then encouraged.
5. Age of Mass Consumption.-In this stage the Society develops affluent standards of living and an emphasis on the production of durable consumer goods and services. The key symbol of this stage is the mass production and consumption of automobiles with their pervasive influence on life styles.<sup>40</sup>

Rostow's stage theory opened up for A. F. K. Organski, who examined the role of government through four stages, in his Stages of Political Development,<sup>41</sup> namely:

1. Primitive national unification;
2. Industrialization;
3. National welfare; and
4. Abundance.

These views wielded influence in the early 1960s when many third world countries were becoming independent (Nigeria became independent on October 1, 1960).

---

<sup>40</sup>Walter W. Rostow, Stages of Economic Growth: A Non-communist Manifesto (Cambridge: Cambridge University Press, 1960).

<sup>41</sup>A. F. K. Organski, The Stages of Political Development (New York: Alfred A. Knopf, 1965).

Criticizing these theories which have come to be known as Orthodox theories, a newer generation of theoreticians developed. These writers felt that the diffusionist approach always recommended by the former was not resolving the problems of the third world countries.

These later theoreticians thus took a radical position in their analysis and prescription as to the causes and effect of third world underdevelopment and dependencies.

The analyses of this group revolved around three structural features: The unevenness of productivity, disarticulation of economies, and domination of the economies of the third world countries through the imperialism of the developed countries.

The ensuing discussions of the theories of international trade provide the basis of this relationship, while our review of the literature makes the studies done in the field from the third world perspective more vivid.

### Contending Theories of International Trade

The human race as we know it today is organized in a society of nation states characterized by a people, a territory, an economy and a sovereign government. Therefore, each nation state seeks to have relations with other states that will help enhance or promote the national objectives as perceived by the leaders of the governments. Foremost among these national interests is the continuous survival of the state itself, followed by the desire for a sustained economic growth and development.

The economists have been the forerunners in the theories and discussions regarding economic interdependencies of nations. More often than not, they have ignored political factors in the process, and have thus emphasized on balance of payments, comparative advantage, tariffs, quotas, and indifference curves in their studies of international trade.

Similarly, the political scientists in the quest for professionalism had neglected the role of economic factors in their studies of international relations. For a long time the political scientist emphasized descriptive analysis of international politics and institutions (traditionalists); studies of the logic of deterrence and impact of possible new weapons on deterrence (the strategists); as well as the exploration and empirical analysis of selected aspects of political phenomena (middle range theorists).

But as Liziannian, the Chinese president, pointed out:

Good political relations are an indispensable condition of the development of economic cooperation.<sup>42</sup>

The fusion of the thoughts of political leaders, economists and the political scientist in analyzing international relations in contemporary times has led to one of the fastest growing areas in the field of social sciences called International Political Economy. The phenomenal growth in this new area of studies is attested to by the numerous theoretical and empirical analysis appearing in various professional journals and books. Joan Alderman Spero attributes this

---

<sup>42</sup>Atlanta Journal and Constitution, January 30, 1985.

development to the fact that:

Students of international relations are increasingly becoming aware of the interrelationship of economics and politics in the choice of relations among nations.<sup>43</sup>

Apart from Spero's conclusion, events and development, especially in the post World War II era in international relations, suggest an increasing use of economic instruments such as economic sanctions and embargos in achieving political objectives against an adversary. The League of Nations sanctions against Italy prior to World War II, U.S. economic sanctions against the Castro regime in 1962, U.S. grain embargo against the Soviet Union following the invasion of Afghanistan (1979-80) and the imposition of martial law in Poland (1983), the Arab oil embargo against the Western industrialized nations in 1973-74, all serve as evidence as to the need for more studies in the area of international economic relations. Hence, in his study, Michael Mastanduro noted that:

The strength of economic warfare as a strategic weapon rests upon the strength of two relationships - that between trade and the economy, and that between the target economy and the military.<sup>44</sup>

Furthermore, the post World War II alliances, the birth of the United Nations and its quest to make the world a peaceful place for harmonious co-existence, the development of new international patterns

---

<sup>43</sup> Joan Elderman Spero, The Politics of International Economic Relations (New York: St. Martin's Press, 1981), pp. 4-5.

<sup>44</sup> Michael Mastanduro, "Strategies of Economic Containment: U.S. Trade Relations with the Soviet Union," World Politics: A Quarterly Journal of International Relations, vol. XXXVII, no. 4 (July 1985): 506.



of production and distribution of goods and services giving rise to a more complex international division of labor as well as the burning desire of third world countries to enhance economic development, have all combined to inject political issues into the economic relationship among countries.

In light of these developments it becomes important that for our study of U.S.-Nigeria trade relations to be well-grounded, that we first examine the theoretical basis of international trade.

In doing this, we have discussed the comparative theory of international trade. We also discussed the international trade as seen from a third world perspective. The latter is made vivid in our review of literature.

### Theory of Comparative Advantage

According to Franklin Root's illustration:

Since the ending of the Middle Ages, almost five centuries ago, two bodies of theory have dominated explanations of international trade: Mercantilism (1500-1800) and the pure theory (1800-present). Both theories have had a profound effect on the trade policies of nations, and the pure theory of comparative advantage remains today the simple strongest intellectual influence on the trade policies of the United States and other industrial countries.<sup>45</sup>

The theory of comparative advantage has an impressive lineage to the economic thoughts of Adam Smith in An Inquiry into the Nature and Causes of Wealth of Nations (1776).<sup>46</sup> The theory of comparative

---

<sup>45</sup>Franklin F. Root, International Trade and Investment (Cincinnati: South-Western Publishing Co., 1978), p. 27.

<sup>46</sup>Adam Smith, An Inquiry Into the Nature and Causes of Wealth of Nations (New York: Random House, 1937).

advantage was rendered as a substitute to the criticisms levied against the mercantilist theory which argued for the regulation of international trade for England to secure a favorable balance of trade. In the theory of comparative advantage both Adam Smith and David Ricardo<sup>47</sup> applied the doctrine of laissez-faire to international trade. Under this arrangement, the theory suggests that all nations of the world would benefit from unregulated free trade. They felt this would allow individual countries to specialize in the production of goods and services where they have better natural and acquired advantages. Following this assumption, the advanced countries have emphasized the mutual benefit that accrue to all trading partners in international trade because underlying the assumption of comparative advantage is that:

... countries can increase the total volume of consumables at their disposal by shifting inputs into the production of the commodity for which the ratio of domestic input costs to foreign input costs is lower.<sup>48</sup>

However, the theory of comparative advantage has severe shortcomings arising from the fact that it failed to put into consideration natural limitations such as the prior destruction of indigenous handicraft industries or the colonial development of mineral or agricultural mono-product economies as happened in the case of many third world countries.

---

<sup>47</sup>David Ricardo, On the Principles of Political Economy and Taxation (New York: E. P. Dutton and Co., 1948).

<sup>48</sup>Sheila Smith and John Teye, "Three Stories About Trade and Poor Economies," Trade and Poor Economies (New York: St. Martin's Press, 1978), p. 9.

It is the attempt to correct the growing discontent with the comparative theory of the classicist that gave birth to the Neo-Classical school of thought.

### The Neo-Classicals

Through the insights of Ricardo regarding labor and production, and Thomas Malthus theory of population which perpetuates the oppression of the poor people, a group of utopian socialists emerged in the early 19th century who protested against capitalism, the distribution of income, the allocation of status as well as the distribution of political power.

It is the effort to correct some of the imperfections in the economy that led to the formation of the marginalist theory of value, and hence neo-classical political economy. Chilcote pointed out that:

The popularization of Ricardo's thought, the impact of the influence of Karl Marx as well as Engels, all led not only to a bourgeoisie onslaught on Marxism, but to efforts of the labor theory of value, which had evolved through Smith, Ricardo and the classical thinkers.<sup>49</sup>

The neo-classicals in their analysis thus attempted to be very rigorous, detailed and abstract in the tradition of micro-economics. Notable among these writers were John Stuart Mill, who contributed The Principle of Reciprocal Demand to explain the terms of trade between countries. In 1933, another neo-classicist, Bertil Ohlin, published his Interregional and International Trade,<sup>50</sup> in which he further developed

---

<sup>49</sup>Richard H. Chilcote, Theories of Comparative Politics: The Search for a Paradigm (Boulder: Westview Press, 1981), p. 410.

<sup>50</sup>Bertil Ohlin, Interregional and International Trade (Cambridge: Harvard University Press, 1952).

the proposition of Eli Heckscher - that a country exports those goods that use most intensively the country's most abundant factors of production.

In the Heckscher-Ohlin theory, Bertil Ohlin attempted to give a specific account of how comparative advantage arises by rooting them in international differences in what are called "factor endowments," their stocks of capital and labor at a given point in time. This study thus introduced a change in assumption from those that underlie comparative advantage theory. Whereas the latter depended on the assumption of different techniques of production which accounted for the large difference in absolute productivity between rich and poor countries for any given product, the Heckscher-Ohlin theory begins by reversing this assumption so that each commodity is produced by the same technique in each country. Differences in the factor - intensity of products combined with stocks of capital and labor varying between countries are then left to account for comparative advantages. Sheila Smith and John Toye note that:

It is on the strength of this reasoning that poor countries are recommended to specialize in labor-intensive products and trade their surplus of such products for imports of the rich countries capital-intensive goods.<sup>51</sup>

The above discussion highlights the genesis of the theory which provides the basis of international trade adopted by the Western capitalist countries. But over two-thirds of the world's people live in a daily round of grinding poverty occupying the vast stretches of Asia,

---

<sup>51</sup>Sheila Smith and John Toye. "Interregional and International Economies," Trade and Poor Economies (New York: St. Martin's Press, 1978), p. 3.

Africa and South America. These people inhabit more than one hundred countries that are encouragingly committed to programs of economic development intended to break the vicious circle of poverty. Most development economists of these countries have now agreed that the traditional economic theory of the Western advanced countries has very limited relevance for understanding the economic problems of the third world. This was made explicit by Gunnar Myrdal who stated the case against the use of Western economic concepts and theories in the third world nations, when he observed that:

Economic theorists, more than any other social scientists, have long been disposed to arrive at general propositions and then postulate them as valid for every time, place and culture. There is a tendency in contemporary economic theory to follow this path to the extreme .... When theories and concepts designed to fit the special conditions of the Western world and thus containing the implicit assumptions about social reality by which this fitting was accomplished - are used in the study of underdeveloped countries, where they do not fit, the consequences are serious.<sup>52</sup>

In the accompanying section, we have presented a review of the relevant literature dealing with the contemporary studies on international political economy. Emphasis has been laid on those studies that clarify our understanding of political economy from dependency perspective.

#### Review of Literature

There are quite a number of works dealing generally on U.S.-Nigeria relations. The majority of such analysis are published as

---

<sup>52</sup>Gunnar Myrdal, Asian Drama: An Inquiry Into the Poverty of Nations (New York: Pantheon, 1968), pp. 16-17.

articles in the journals of political science discipline, and also in various areas of studies which deal with the relationship between developed countries and third world nations.

We have reviewed the relevant analyses so that our study and contribution to political economy could be delineated from the contributions made by other researchers.

Daniel C. Bach's article on "Nigeria-American Relations: Converging Interests and Power Relations"<sup>53</sup> examined the relations between Nigeria and the United States in the post Nigerian Civil War era (1966-1970). The central thesis of his analysis is that in spite of the aid which Nigeria received from the Soviet Union during the Civil War, Nigeria continued to maintain very close political and economic relations with the United States after the war. He further argues that, considering all the technical and financial assistance Nigeria received from the Soviet Union and the East European countries, one would have expected some redirections in Nigeria's political leaning as soon as the war was over.

Bach's analysis has not examined other reasons which makes Nigeria to have closer ties with the United States than with the Soviet Union. There are other factors which have been responsible for Nigeria-U.S. relations. These include the common legal system which both Nigeria and the United States inherited from Britain who was a common colonial master. In addition is the common heritage created by slavery.

---

<sup>53</sup>Daniel C. Bach, "Nigerian-American Relations: Converging Interests and Power Relations," in Nigerian Foreign Policy Alternatives Perceptions and Projections (New York: St. Martin's Press, 1983), pp. 40-52.

The Blacks in the United States constitute 13.5 percent of the American population. They, as well as Nigerians still believe that the separation created by slavery could be bridged through political and economic processes. Apart from examining these factors, our study disproves Bach's analysis by comparing the volume of assistance both financial and technical which Nigeria received from the United States and the Soviet Union before and after the war. By doing this comparative analysis, it is clear that the United States' assistance to Nigeria has been more than the one time assistance Nigeria received from the Soviet Union.

In another study titled Marketing in Nigeria,<sup>54</sup> Dorothy L. Luther of the U.S. Department of Commerce, analyzes various aspects of U.S.-Nigeria trade relations such as U.S. economic treaties with Nigeria, the Nigerian political structure, Nigerian trade policies, the pattern of and investment climate in Nigeria as well as general marketing tips which could assist the American businesses wishing to do business in Nigeria.

In the effort to properly guide the American entrepreneurs hoping to do business in Nigeria, the author identifies the enormous opportunities that exist in Nigerian business as well as exposes the shortcomings such as high rate of bribery and corruption among Nigerian government and private officials.

Luther's analysis clarifies the understanding of our study since it provides us with those information on the areas where Nigeria needs

---

<sup>54</sup>Dorothy L. Luther, Marketing in Nigeria (Washington, D.C.: U.S. Department of Commerce, 1984).

to improve its business practices. Consequently, our study evaluates Luther's assertions and thereby provides a basis for making recommendations on what to do to improve Nigerian business practice.

Gavin Williams' work on "Class Relations in a Neo-Colony: The Case of Nigeria,"<sup>55</sup> examined the contradiction between the expatriate domination of investment opportunities in Nigeria and its accompanying problems. He agrees that the domination of the Nigerian economy by foreign owned multinational corporations relegates Nigerians to the position of compradors instead of entrepreneurs. He thus concluded that the dependent nature they find themselves in restricts Nigerian businessmen to competing among themselves for the limited resources available and thus manifests in ethnicity, regional and cartel type organizations, preventing the possibility of a coherent national unity.

In light of this conclusion, Williams' essay further traces the root of underdevelopment in Nigeria, observing that since people who are rich earn the admiration of the less fortunate Nigerians, social vices such as armed robbery, misuse of government funds, and all forms of corruption become accepted norms in Nigeria. He historically traced such anomaly to colonial influence as well as the activities of foreign owned multinational corporations operating in Nigeria.

Williams' paper focused its analysis on the exploitative activities of foreign-owned corporations in Nigeria. It is here that

---

<sup>55</sup> Gavin Williams, "Class Relations in a Neo-Colony: The Case of Nigeria," African Social Studies: A Radical Reader (New York: Monthly Review Press, 1977), p. 284.



his study will depart from our study. Multinational corporations functioning in Nigeria have their home base in varied countries. Examples are England Kingsway Stores, United African Trading Company (UAC), Lever Brother Ltd.; France - Elf, CFAO, Societe' Generale'; Germany - Guffanti Construction Company, Dumez Construction Company, Volkswagen Automobile Company; United States - Gulf Oil Company, Exxon Oil Company, ITT Communications Company, Colgate-Palmolive Soap Company, Seven-Up Bottling Company, American Assurance Company.

Instead of looking at the activities of all these corporations, our study will examine the activities of those companies from the United States. In this process we will be able to examine the activities of companies such as the Gulf Oil Company, Texaco, International Telegraph and Telephones (ITT), American Assurance Company, Colgate-Palmolive, among others. Our analyses will investigate issues such as compliance with Nigerian commerce laws, technology transfer to Nigerians as well as their modus operandi in servicing contract from the Nigerian government.

Kwame Nkrumah uses his Neo-colonialism: The Last Stage of Imperialism<sup>56</sup> to denounce the relationship between African countries and the advanced Western capitalist nations. According to Nkrumah,

... the essence of neo-colonialism is that the state which is subject to it is in theory independent and has all the outward trappings of international sovereignty; in reality its economic system and thus its political policy is directed from the outside.<sup>57</sup>

---

<sup>56</sup>Kwame Nkrumah, Neo-colonialism: The Last Stage of Imperialism (New York: International Publishers, 1980), p. ix.

<sup>57</sup>Ibid., p. ix.

In addition, he pointed out that the methods and forms of manipulation could come through various shapes, the main example being through economic and monetary means. In this regard, he felt that the result of neo-colonialism is that foreign capital is used for the exploitation rather than for the development of a neo-colonialist country. Consequently, investment under neo-colonialism widens rather than closes the gap between the rich and the poor; aid then becomes a revolving credit paid by the neo-colonial masters passing through the neo-colonial state and returning to the neo-colonial masters in the form of increased profit.

Our study does not contradict Nkrumah's analysis. Rather, we used some information in his study to substantiate our hypothesis. This includes how the reliance on foreign capital for development has increased Nigerian dependence on the United States. In doing this, our study examined the Nigerian oil sector by finding out the source of productive machinery, financial capital, technology, who markets the oil and who buys it. We then examined the political ramification of such unequal relationship. We also examined the influence U.S. exerts on Nigerian policies by virtue of the volume of oil Nigeria sells to the United States.

In addition to the above studies, Nicholas Taylor's "Is Nigeria Really a Goldmine for Atlanta Business"<sup>58</sup> looks at the burning desire of the American entrepreneur, especially those in the Atlanta

---

<sup>58</sup>Nicholas Taylor, "Is Nigeria Really a Goldmine for Atlanta Business?" Business Atlanta, June 1983, p. 78.

area, to do business with Nigeria. According to him, for a successful trade relation with Nigeria, the American investor should be equipped in the areas of agribusiness, building materials, hotels and tourism, as well as in high technology, which are presently the main needs of Nigeria.

Taylor's study denotes a journalistic report flavored to promote the entrepreneurship of the Atlanta business community. It showed several biases against Nigerian politicians and businessmen as absolutely corrupt without historically examining those factors which have made Nigeria a corrupt society.

Thus, in our study we examined the strategies the United States uses in securing business transactions in Nigeria. In doing this, we adopted Terisa Turner's "Triangular Triad" to explain how multinational representatives seek to influence Nigerian policy makers by hiring them to accepting deposited sum of money in foreign countries, as undue influence on Nigerian policy makers to help contravene constituted legal system to the benefit of the American traders.

Similarly, Samir Amin's Unequal Development: An Essay on the Social Transformation of Peripheral Capitalism<sup>59</sup> in a multidimensional analysis explored pre-capitalist formations, laws of the capitalist mode, dependency, the development of underdevelopment and social formations in the periphery. In this study, Samir Amin acknowledged the different patterns of transition to peripheral capitalism and to central

---

<sup>59</sup> Samir Amin, Unequal Development: An Essay on the Social Transformation of Peripheral Capitalism (New York: Monthly Review Press, 1976).

capitalism as a consequence of the impact of the capitalist mode of production and its mechanism of trade upon pre-capitalist formations resulting in the destruction of crafts without their being replaced by local industrial production. He also criticized the present international economic order which is governed by the pure theory of international trade. According to Samir Amin "unequal international specialization is manifested by distortions in the export activities, bureaucracy, and light industries of the periphery." Given the periphery's integration within the world market, the periphery is without adequate economic means to challenge foreign monopolies. The underdeveloped countries should not be confused with the advanced countries at an earlier stage of their development, for the underdeveloped countries are characterized by an extreme unevenness in the distribution of production which primarily serves the needs of the dominant center. Underdevelopment is accentuated and growth is blocked in the periphery, making autonomous development impossible.

Our study agrees with Samir Amir's analysis that the international specialization which evolved from pure theory of international trade distorts a balanced relationship among nations. Hence, in our study, we used the historical method to trace the chronology of U.S. trade relations with a view of determining the extent to which the relationship has made Nigerian development impossible.

Another analysis is Imperialism and Underdevelopment in Nigeria: The Dialectics of Mass Poverty,<sup>60</sup> by Bade Onimode.

---

<sup>60</sup>Bade Onimode, Imperialism and Underdevelopment in Nigeria: The Dialectics of Mass Poverty (London: Zed Press, 1982).

In his analyses, Bade Onimode examined the roots of Modern Nigeria's continuing mass poverty and political instability. He presented the study in a three-part format. Part One deals with Nigeria's pre-colonial modes of production and the impact on them of the era of colonialism. Part Two examines the nature of colonial mode of production, the reasons for emphasizing on primary products. It also discusses the exploitative roles of the colonial infrastructure in servicing the exploitative trade between Nigeria and Europe. The final part examines Nigeria's assimilation into neo-colonialism and the resultant agricultural stagnation, misused oil wealth, massive corruption, and the widening social inequalities in the Nigerian State.

Our analyses differ from Onimode's study in scope and concern. Our study examines the political economy of U.S.-Nigeria relations, specifically contending that the United States is being largely responsible for Nigeria's inability to accomplish its egalitarian objectives. To substantiate our contention, our study presents statistical data to establish the fact that the United States has provided over 50 percent of Nigeria's total annual revenue for over one decade of Nigeria's independence. In addition, our study illustrates through the use of statements by government officials, and American corporations, instances where Nigeria had to refrain from implementing its foreign policy objectives because the United States felt such actions threatened her (USA) interests.

In addition to the above analyses, Claude Ake, in his A Political Economy of Africa<sup>61</sup> illustrated the salient features of contemporary African economics. How they have come to be, what they are presently, and how they might change in the future. Although this study is a broad analysis of the African situation, detailed work is done on Nigerian economic relations with the developed countries.

Ake's analysis served as a useful resource book in our research. Particularly, his discussions on the structure of manufacturing, cumulative private investment by country and indicators of Nigerian technology dependence are areas that were of considerable value to our study.

#### Summary of Chapter One

We introduced Chapter One by discussing the character of Nigeria in international trade relations. In this process, we charted the trade relations between Nigeria and Britain as well as with the United States. This was to enable us to illustrate how Britain, which was Nigeria's leading trading partner, gave way to the United States at the end of 1966 when the emphasis on Nigerian export of agricultural commodities shifted to the sale of mineral oil products.

Chapter One also investigated the theoretical basis for international trade by examining the classical theories. Both the theory of comparative advantage and the neo-classical theory were examined. This was followed by a discussion on the event which led to the demand for a

---

<sup>61</sup> Claude Ake, A Political Economy of Africa (Lagos: Longman Press, 1981).

new International Economic Order. Our purpose of conducting the extensive study in this manner was to establish a theoretical link to our research efforts. The second part of the chapter was devoted to establishing our hypothesis, statement of the problem, research methodology and the significance of the study in such a fashion that our contribution to knowledge would be made explicit.

In the following chapter, our discussion will entail a detailed examination of both the trade and political relationship that existed between the United States and Nigeria since 1960. Issues examined include factors that contributed to the pattern of relations in each of the three epochs discussed. However, it is important to note that facts are not presented in chronological order of events.

## CHAPTER TWO

### U. S.-NIGERIA POLITICAL ECONOMY:

#### A HISTORICAL PERSPECTIVE

Until the mid 1970s when Nigeria became prominent in world politics arising from the oil boom and the Civil War, analyzing the relationship between Nigeria and any of the superpowers was a rare exercise. In matters of international peace and war, Nigeria's position counted very little. Since independence, the primary concern of the leaders has been domestic, rather than external affairs. Even when she experienced a peaceful and stable era (1970-1975) with accelerated economic growth, congenial for active international affairs, Nigeria was parochial in emphasizing on Africa which up to now is still central to her foreign policy.

On attaining independence in 1960, the bulk of Nigeria's external ties in trade, education, culture, and sports were mainly with Great Britain, her former colonial master. Although a wave of radicalism was prevalent in the third world, in the 1960s for self-government, and in some cases hostilities against former colonial master, Nigeria remained loyal to Britain. Many countries, including the Soviet Union, for example, wanted Nigeria to disengage herself from Britain. Olajide Aluko pointed out in his analysis that:

Apart from offering discrete and clandestine financial and moral assistance in the early 1960s to some radical elements within the Nigerian Trade Union Congress (NTUC),



and to some militant parties such as the banned Nigerian Youth Congress and the Nigerian Socialist Workers and Farmers Party (NSWFP), they were by 1964 realistic enough to accept the fact of British dominant position in the country as well as the pro-British orientation of the Nigerian leaders.<sup>62</sup>

As a colony, the United States contact with Nigeria was mainly through Britain. But when she attained independence, the United States then began to have direct contacts with Nigeria. The nature of the United States interest in Nigeria both in trade and politics must, in our analysis, be seen within specific timeframes. Hence, throughout this chapter we have studied the relationship in three epochs - 1960-1966, 1966-1979, and 1979-1984. In each of the epochs, we examined those events and state the pattern of relationship that existed.

#### U.S.-Nigerian Relations Between 1960-1966

The years between 1960 and 1966 witnessed the first civilian government of Nigeria, and also the leadership years of Dwight D. Eisenhower (1953-61), John F. Kennedy (1961-1963) and Lyndon Johnson (1963-1969) in the United States. The United States interest in Nigeria was based on the cold war conflict at this time. Just as the Soviet Union was interested in building a socialist society in Nigeria as a part of their global ideological objective, the United States was equally determined to advance its ideological pursuit in making sure that Nigeria, and many other third world countries, remained in the

---

<sup>62</sup>Olajide Aluko, Essays on Nigerian Foreign Policy (London: George Allen and Unwin, 1981), p. 100.

Western bloc. The United States' commitment to this goal is reflected in former President Nixon's statement that:

It is time for us proudly to declare that our ideas are for export. We need not apologize for taking this position.<sup>63</sup>

Conversely, Nigeria's relations with the United States in her early years of independence was of a lukewarm attitude since Nigeria chose to keep a distance from the United States. Many reasons accounted for this attitude. Nigeria had become a member of the non-aligned nations. All the same, many Nigerian leaders had become familiar with the American Central Intelligence Agency whose covert activities in South America and Asia had come to be classified as notorious. Andrew Tully's book, The CIA: The Inside Story, had just been published and was widely read by Nigerian intelligentsia, and with those who took interest in foreign policy. This book no doubt heightened hatred for the United States.<sup>64</sup> Furthermore, the Soviet Union had been trying their propaganda through some Nigerians to undermine Nigerian pro-Western stance by carefully directing Nigeria's attention to the evils implicit in the control of the economy by foreign capital. Consequently, the United States anti-colonial stance which she propagated in Africa was tainted and considered by Nigeria as deceitful. Nigeria thus felt

---

<sup>63</sup>President Richard Nixon, cited in Kegley Wittkoff, American Foreign Policy, Pattern and Process (New York: St. Martin's Press, 1979), p. 36.

<sup>64</sup>Olagunde Ojo, "Nigeria's Foreign Policy 1960-1966: Politics, Economics and the Struggle for African Leadership" (Ph.D. Dissertation, The University of Connecticut, 1978), p. 16.

that the U.S., being a member of the North Atlantic Treaty Organization, was an accomplice in the European colonial power game.

Phrases such as NATO domination of the Nigerian economy became rampant. Nigeria thus came to believe that the United States' greatness was based on bloated capitalism and its economic imperialism in Asia and Latin America and was thus feared that she was also looking for a foothold in Africa.<sup>65</sup>

This fear was increased when Mr. Nixon, then a vice-president, was quoted as saying before the Senate Foreign Relations Committee, that "America must be the heir to Africa's future and must therefore not hesitate even to assist the departure of the colonial powers from Africa."<sup>66</sup>

#### Impact of Economic Hardship

As events later proved, the era between 1960-1966 turned out to be the most trying period in Nigerian economic history. Once Nigeria got independence, she was left with a legacy of extreme poverty, high illiteracy and squalor. Nigeria rarely attained the annual per capita income of one hundred dollars level, typical of newly independent countries of her status. Nigeria's per capita income in fact was marginally \$87.00.<sup>67</sup>

Her major commodities were agricultural produce which accounted for 96 percent of her export earnings. The status of Nigerian agrarian

---

<sup>65</sup>Federal House of Assembly, Debates, 20 November 1961, p. 401,

<sup>66</sup>Ibid., p. 403.

<sup>67</sup>Michael Todaro, Economics for a Developing World: An Introduction to Principles, Problems, and Policies for Development (Hong Kong: Longman Group Publishers, 1977), p. 78.

economy and labor distribution have already been depicted in our table 4. (page 14).

Although Nigeria had an abundance of mineral resources, including items as petroleum, uranium, tin, zinc, columbite, aluminum, lead, coal, copper and marble, the intensive exploration of these commodities was negligible. Nigerian trade with the United States in both agricultural and mineral commodities was not as significant as that which she did with the United Kingdom. We have presented table 8 as a total reflection of the balance of trade and the trade position between the United States and Nigeria from 1965 through 1984.

#### Nigeria Moves Towards Urbanization

Because of the condition of economic underdevelopment and insecurity inherited from colonialism in 1960, it became necessary to embark on industrialization and modernization, to transform the backward and traditional agrarian society into a modern twentieth century industrial and urban country. The first national development plan, 1962-1968, emphasized such developmental commitment and was seen as attractive. The development plan provided for modern cities such as Enugu and Port Harcourt, which were to be upgraded from rural to more urban cities. The Kaingi Dam intended to be the energy base for Nigerian industrialization was also in the pipeline. There were also the numerous roads, bridges, and other infrastructure the country<sup>68</sup> acutely needed.

---

<sup>68</sup>First National Development Plan 1962-68 (Lagos: Federal Ministry of Economic Development, 1962).

TABLE 8  
NIGERIA'S BALANCE OF TRADE WITH  
THE USA, 1965-1984

Year	Exports to the U. S. A. (NM)	Imports From the U. S. A. (NM)	Balance of Trade (NM)
1965	53.2	66.2	-13.0
1966	45.2	83.0	-37.8
1967	38.0	55.6	-17.6
1968	35.0	44.6	-9.6
1969	80.2	58.6	+21.6
1970	101.6	109.6	-8.0
1971	223.5	151.4	+72.1
1972	299.6	102.6	+127.0
1973	549.7	125.7	+424.0
1974	1414.0	213.2	+1201.0
1975	1427.0	408.0	+1019.0
1976	2001.5	599.1	+1402.4
1977	3016.0	791.9	+2224.1
1978	2667.1	864.6	+1802.5
1979	4579.2	644.1	+3935.1
1980	N.A.	N.A.	N.A.
1981	3428.6	1346.6	+2082.0
1982	2983.3	1111.3	+1872.0
1983	1802.3	771.6	+1030.7
1984	1212.9	567.4	+645.5

Source: Central Bank of Nigeria (CBN), Economic and Financial Review, various issues.

Notes: (1) From 1965-70, excepting 1969, Nigeria's balance of trade (BOT) with the USA was unfavorable. This means that Nigeria imported more from the United States than she exported to the United States.

Accomplishing these tasks demanded heavy financial capital.

Nigeria was in a difficult financial predicament,

... the value of her foreign reserves then amounted to \$396 million only, and the balance of payments position had been one of continuous deficit from 1955 to 1960. The Nigerian economy was heavily dependent on the export of primary agricultural products whose prices in the world market had been declining since 1955 and on the imports of manufactured goods from the developed countries.<sup>69</sup>

Consequently, Nigeria needed aid from anywhere she could get it. "A powerful government delegation led by Festus Okotie-Eboh went to Eastern Europe and China in 1961. Nigeria thus received offers of scholarships and forty million rubles in soft loans."<sup>70</sup> Aluko pointed out that the Soviet Union itself promised to finance a number of agricultural projects and promised to train technicians for the Nigerian industry.<sup>71</sup> Similarly, another Nigerian Economic Mission, led by the

---

(2) From 1971-1984, the Balance of trade was favorable to Nigeria. The balance of trade rose from ₦17.1 million in 1971 to a peak of ₦3935.1 million in 1979.

(3) There has been a continuous decline from ₦2082.0 million recorded in 1981 to only ₦645.5 million in 1984. This period coincides with the end of the Carter presidency and the inauguration of Ronald Reagan as the President of the United States.

(4) Figures are in the denomination of the Nigerian Naira in millions.

<sup>69</sup>Ojiako James, Nigeria: Yesterday, Today and ? (Onisha: Africana Educational Publishers, 1982), p. 201.

<sup>70</sup>Akinyele Caleb Ibitayo, "Anglo-American Liberalism as a Dominant Factor in Nigerian Foreign Policy, 1960-1966" (Ph.D. Thesis, University of Washington, 1969).

<sup>71</sup>Aluko Olajide, "Nigeria and the Superpowers," Essays on Nigerian Foreign Policy (London: George Allen and Unwin, 1981), p. 102.

Minister of Commerce and Industry, Alhaji Zanna Bukar Dipcharima visited many other Eastern European countries to "expand trade and presumably sources of aid and investments outside traditional markets so that a feeling of dependency will no longer persist."<sup>72</sup> The success of this mission was reflected in the trade agreements initiated with Czechoslovakia on September 19, 1961 and with Poland also in 1961.

Nigeria, although skeptical, realized the political and economic importance of the United States. The American imperial eagles were seen to be threatening enough for Nigeria to be somewhat ambivalent. However, Nigeria hoped that the United States would be a generous donor.

John F. Kennedy, who was the U.S. President at the time, knew that Nigeria would someday seek his assistance; he was also aware that Nigeria had started talks with the Soviet Union, Czechoslovakia, Poland and many other East European countries for bilateral trade relations. All the same, both Nigeria and the U.S. intelligence sources were gathering evidence that implicated Ghana in possible subversion, arising from the ideological differences between conservative Nigeria under Sir Abukar Tafawa Balewa and the radical Kwame Nkrumah of Ghana.<sup>73</sup>

Looking at these precarious situations facing Nigeria, the United States felt that the time was ripe enough to pressure Nigeria into a more pro-Western stance in the cold war era. In July 1961, President Kennedy invited Sir Abubakar Tafawa Balewa to Washington, hoping to generate a more direct and closer Nigerian-American .

---

<sup>72</sup>Ajayi Adebayo, "Nigerian-Soviet Aid Relations 1960-1968," Nigeria: Bulletin of Foreign Affairs, vol. 1, no. 3 (January 1972):5.

<sup>73</sup>Olatunde Ojo, "Nigeria's Foreign Policy 1960-1966: Politics, Economics and the Struggle for African Leadership" (Ph.D. Thesis, The University of Connecticut, 1973).

friendship. Although Nigeria reaffirmed her neutrality in the bipolar scuffle, the visit was instrumental in Nigeria-U.S. relations. It ushered in direct political and economic relations between Nigeria and the United States without the brokerage services of Great Britain. It was after this meeting that the United States' aid started pouring into Nigeria. Between 1962-1965, aid from the United States topped assistance to Nigeria from all sources. The amount of aid from the U.S. is presented as a comparison with other sources in our table 9 below.

TABLE 9

## SOURCES OF AID ASSISTANCE TO NIGERIA 1962-1965

<u>Source</u>	<u>Amount in Million \$</u>
1. INTERNATIONAL ORGANIZATIONS	
World Bank	44.81
International Development Association Association (IDA) and International Finance Corporation (IFC)	13.10
U.N. Special Fund	5.0
2. FOREIGN GOVERNMENTS AND PRIVATE AGENCIES	
U.S.A.	80.00
U.K.	30.19
West Germany	17.40
Netherlands	4.00
Italy	9.00
London Money Market	4.25
Israel	1.17
Switzerland	1.70
Poland	15.00
Czechoslovakia	5.00
Total	230.62

---

Source: Federal Republic of Nigeria, National Development Plan Progress Report (Lagos: Ministry of Economic Development, 1965), pp. 31-32.



Military Intervention and Its Consequent Impact  
On U.S.-Nigeria Relations 1966-1979

The cordial relationship which was beginning to shape up between Nigerian leaders and the United States was short lived; it came to an end in 1966. On January 15, 1966, Nigeria experienced a change in leadership and government style. The following thirteen years of military rule (1966-1979) set in motion another round of pendulum characterized by hatred, peace and trade boom between Nigeria and the United States.

Between 1966 and 1970, there was a reversal in U.S.-Nigerian relations, especially in the political and military spheres. Aid from the United States, which was thought to be vital to Nigeria, was no longer sought. Military assistance itself was discontinued at the request of the Nigerian Supreme Military Government. Hostile behavior toward the United States was embarked upon by Nigeria in retaliation against the U.S. position on the Nigerian Civil War. The United States had proclaimed a neutral position by not actively supporting Nigeria and also by not permitting the sale of arms to Nigeria during the war. Nigeria was all the more angry at the United States when Dean Rusk, the Secretary of State, referred to Nigeria as a "British responsibility."<sup>74</sup> Additionally, Nigeria was resentful of the U.S. decision to allow the activities of the pro-Biafran lobby in the United States which accused Nigeria of a war of genocide against the Ibo civilians. The relationship was also hampered by huge private relief shipments to Biafra from the United States, although it was mainly by non-governmental organizations. Nigeria felt that by permitting such activities, the United States was defying Nigeria's

---

<sup>74</sup>Elaiwu Isawa, "The Nigerian Civil War and the Angolan Civil War," Journal of Asia and African Studies, vol. XII (1982):218.

sovereignty and thus adding to the prolongation of the Civil War. By 1967, a sustained press campaign had been launched in Lagos against the American role in the Civil War and especially against a suspected American backing of Israel's action in June 1967, when Nigeria suffered heavy casualties at Nnewi. Israel demonstrated its support for the secessionist Biafra by, according it a diplomatic recognition. Israel did not stop there; she sent well trained mercenaries to Nigeria to fight on the side of Biafra. Nigeria attributed its losses at Nnewi to the assistance Israel gave to Biafra. Matters came to a head when "the Director of the United States Information Services (USIS) accused the Morning Post of consistently and unjustifiably attacking his country."<sup>75</sup>

The United States was further accused by Nigeria of having persistently co-operated with Portugal, who wanted to cling on to the colonization of Angola. In 1975, the U.S. openly urged the O.A.U. member nations to oppose the Soviet-Cuban presence in Angola and also to deny official recognition of the Marxist oriented MPLA faction. This action was considered a defiance of Nigeria's position on the Angolan issue and her commitment to total liberation of the African continent.

On February 13, 1976, the Nigerian Head of State, General Murtala Ramat Muhammed, was assassinated in a coup attempted by Lt. Col. B. S. Dimka. Nigeria felt that the American Central Intelligence

---

<sup>75</sup>Roland Luckham, The Nigerian Military: A Sociological Analysis of Authority and Revolt 1960-1967 (Cambridge: Cambridge University Press, 1971), p. 88.

Agency (CIA) was an accomplice in the assassination. It became yet another source of friction, and in retaliation the Nigerian army unilaterally took over the United States Information Service stations in Lagos and Kaduna.

Nonetheless, despite the tensions which provided loopholes for a continued conflict in the relations between the two countries, the United States was passive by not confronting the Nigerian military leaders. On January 12, 1970, General Yakubu Gowon in an address to the nation, declared that:

Thirty months ago, we were obliged to take arms against our brothers who were deceived and misled into armed rebellion against their fatherland by the former Lt. Col. Ojukwu. Our objective was to crush the rebellion to maintain the territorial integrity of our nation, to assert the ability of the black man to build a strong progressive and prosperous modern state and to ensure respect, dignity and equality in the comity of nations for our prosperity. You will have heard the broadcast of Lt. Col. Effiong asking the remnants of the secessionist troops to lay down their arms. This is in accord with our appeal. I accept in good faith Effiong's declaration accepting the O.A.U. resolutions supporting the unity and territorial integrity of Nigeria. We reiterate our promise of a general amnesty for all those misled into the futile attempt to disintegrate the country.<sup>76</sup>

Shortly after the above address in which Gen. Yakubu Gowon accepted Biafra's surrender, Mr. Nixon, then U.S. President, took prompt steps aimed at normalizing relations with Nigeria. He sent an urgent message to General Yakubu Gowon praising him for his magnanimity towards the secessionist Biafran leaders. As early as February 1970, Mr. William Rogers, who was the American Secretary of State, paid

---

<sup>76</sup>General Yakubu Gowon, "Broadcast to the Nation," 12 January 1970 (Lagos: General Ministry of Information Press Release No. 31, 1970), p. 3.

a diplomatic visit to Lagos. The American Ambassador in Nigeria, Mr. John E. Reinhardt also strove with his staff to improve relations with Nigeria in all areas of conflict. With appearances on Nigerian television and radio, he announced the increased quota of Nigerian students permitted to study in the United States per year. He vehemently urged strengthened educational, commercial, financial and technical ties with the United States.

The Nigerian leaders too seemed to see some reasoning in the U.S. appeal.

They therefore began to sense the danger of relying too much on the Soviets who had accumulated much influence for the loyalty and support to Nigeria during the Civil War. They thus felt it was necessary to counter-balance Soviet influence by establishing further links with the United States.<sup>77</sup>

Following the normalization of relations, the search for aid from the United States was reopened in 1972, when Nigeria sought a \$3 million loan for the construction of the police college of Jos.

#### Importance of the Jimmy Carter Presidency in U.S.-Nigerian Political Economy

A dramatic turn in relations followed with the inauguration of James Earl Carter as the President of the United States in 1977. With the confrontational stand of his administration against the apartheid rule in South Africa, its willingness to view African problems beyond the great power rivalries, coupled with Andrew Young's frequent visits to Nigeria, his influence among Nigerian leaders, plus the fact that

---

<sup>77</sup>Timothy M. Shaw, "Nigeria in World Politics: Contemporary Calculations and Constraints," Nigerian Foreign Policy Alternative Perceptions and Projections (New York: St. Martin's Press, 1983).

the U.S. continually consulted Nigeria in her African and third world issues, all contributed to the improved and much enhanced U.S.-Nigerian political relations at this time. This was in contrast to Nigeria's views about the United States when we consider that "on three occasions during 1976, Nigeria refused to receive the U.S. Secretary of State, Henry Kissinger, to oppose his plans for a solution to the Rhodesian Conflict."<sup>78</sup>

The growth in U.S.-Nigeria relations was further enhanced by Lt. Gen. Obasanjo's visit to the United States in October of 1977. His visit was reciprocated by President Jimmy Carter in April of 1978, and was again followed in 1980 when Walter Mondale paid another visit to Nigeria. A major outcome of these political developments was the trade relations between Nigeria and the United States. It also ushered in the influx of Nigerian students to the United States for further studies. We have illustrated this increase of Nigerian students to American universities in our table 7.

#### The Age of Oil Boom and its Influence on U.S.-Nigeria Trade Relations

The year 1973-1974 was also a blessing to Nigeria; the Middle East countries had started an oil embargo against the United States, Western Europe, and Japan by hiking the oil prices in world market. Oil was now a booming business; Nigeria had it, the United States needed it.

---

<sup>78</sup>Daniel C. Bach, "Nigerian-American Relations: Converging Interests and Power Relations," Nigerian Foreign Policy Alternative Perceptions and Projections (New York: St. Martin's Press, 1983), 44.

The phenomenal growth of the Nigerian economy largely as a result of oil boom since the end of the Nigerian Civil War in 1970 strengthened Nigeria's position with the United States in relation to trading activities. This becomes manifest when we consider that:

During the 1970-1974 Development Plan, which was intended to recover from the Civil War, the average annual growth rate was over 10 percent as against the target of 6 percent envisioned under the second national development plan. The balance of payments position of the country moved from a deficit of \$75 million in 1970-1971 to a surplus of \$5.4 billion in 1973-1974. Similarly, foreign exchange earnings rose from \$279.6 million in December 1969 to \$8.5 billion in 1974.<sup>79</sup>

With these economic gains, Nigeria's aid requirement was substantially reduced. For instance, under the 1970-1974 plan period about 20 percent of the total investment in the public sector was expected to be made through aid as against the corresponding 50 percent estimated under the 1962-1968 First National Development Plan. But under the 1975-1980 five year development plan, no provision was made for foreign capital aid. In light of this unexpected economic growth and Nigeria's determination to be developed, the United States started courting Nigeria for more trade relations. Gambari Ibrahim illustrated that:

The spectacular growth in Nigeria's oil production in the early 1970s resulted in a rapid increase in its share of American imports. During the period of the Arab embargo, 1974 and 1975, Nigeria was the United States' first crude oil supplier. After 1976, the high price of Nigerian oil (due to its low sulphur content) induced the United States to purchase cheaper Saudi Arabian oil; since then Nigeria has remained America's second supplier. Because of the importance of these imports, the United States is Nigeria's

---

<sup>79</sup>Harold Nelson (ed.), Nigeria: A Country Study (Washington, D.C., The American University Press, 1981), p. 231.

first trading partner (accounting for 39.5 percent of Nigeria's external trade in 1977).<sup>80</sup>

The growth of these trade relations is best illustrated in our table 10 presented below.

The sudden economic activities of Nigeria thus made the United States move for a closer trade relation not only in oil but in other trade spheres. Through bilateral trade agreements and exchanges of trade commissions, the United States strove to promote her economic interest in Nigeria by the provision of financial and technical assistance to both government agencies and private corporations, aimed at boosting the trade relation between the U.S. and Nigeria. An example of such a trade agreement was seen in 1980 when:

In July 1980, the United States and Nigeria signed a memorandum encouraging American agribusiness in conjunction with the United States Department of Agriculture to increase investment in Nigerian agriculture. The memorandum provides for the opening of Nigerian trade and investment centers in the United States, the development of a United States Department of Agriculture Trade Office in Lagos, and the creation of an intergovernmental working group to design and implement specific agricultural projects in Nigeria.<sup>81</sup>

Through this strategy, the United States felt she could "exploit what they can of the huge Nigerian market to fill the vast needs of one of the world's wealthiest developing countries."<sup>82</sup> Thus, not only were Americans competing favorably in Nigerian commerce, they started

---

<sup>80</sup>Ibrahim A. Gambari, "Nigeria and the World: A Growing Stability, Wealth and External Influence," Journal of International Affairs (2) (Fall 1977):29.

<sup>81</sup>Jonathan Barker (ed.), The Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984), p. 195.

<sup>82</sup>Nicholas Taylor, "Is Nigeria Really A Goldmine for Atlanta Business?" Business Atlanta (June 1983), p. 72.

TABLE 10

ORIGIN OF SOME AMERICAN CRUDE OIL IMPORTS  
(IN '000 TONS) 1970-1979.

Source	1970	1972	1974	1976	1978	1979
Saudi Arabia	2,059	8,633	21,546	60,464	56,484	66,200
%	3.1	7.8	12.6	20.3	16.4	18.9
Nigeria	2,376	12,075	34,289	53,775	46,834	51,800
%	3.5	10.9	20.0	18.09	13.6	14.8
Canada	13,018	42,062	38,927	18,292	12,103	13,200
%	49.9	38.19	22.7	6.1	3.5	3.7
Venezuela	13,989	13,319	15,697	16,660	13,123	14,300
%	21.1	12.09	9.1	5.6	3.8	4.09
Total of Imports	66,117	110,114	171,091	297,179	343,282	349,500

Source: OECD Statistiques Petrolieres (1971-76); Comite'  
Francai du Petrole 77 1978 and Petrole 79 (1980).

Note: The table illustrates the volume of American oil imports in tonnes and percentages from major trading partners. Data shows the imports of Nigeria oil by the U.S. ahead of similar import from Saudi Arabia. This situation changed by 1976 when Nigeria dropped to a second position to Saudi Arabia.



investing in Nigeria. The American investments in Nigeria rose to about \$250 million in 1966 and jumped to over \$1,000 million by 1974. This represented more than a third of all U.S. investments in African outside South Africa, and the second largest foreign investment in Nigeria after that of Britain (amounting to about \$1,250 million).<sup>83</sup> A comparative illustration of such growth in U.S. foreign investment in Nigeria was done by Jean Herskovitz during the 1973-74 trade period. This illustration is presented in table 11.

According to Herskovits,

... the best estimate of U.S. capital in 1974 are \$1.2 billion in South Africa and over \$900 million in Nigeria. Much of the investment in Nigeria is new, whereas in South Africa, increases come from reinvestment. The rate of increase in investment since 1971 is approximately four times as high for Nigeria as South Africa.<sup>84</sup>

Apart from the interest in exploration and marketing of oil, U.S. investment has also extended into various other sectors of the Nigerian economy previously dominated by Western Europe. Trade and investment in Nigeria could now be found in insurance, pharmaceuticals, telecommunications, farming and consultancy services. We have attached a list of some American owned businesses operating in Nigeria by areas of specialization (Exhibit 1).

---

<sup>83</sup>Jean Herskovitz, "Nigeria: Africa's New Power," Foreign Affairs, vol. 52, no. 2 (January 1975):314.

<sup>84</sup>Ibid., p. 315.

TABLE 11

## COMPARISON OF U.S. INVESTMENT IN NIGERIA AND SOUTH AFRICA DURING THE 1973-1974 TRADE PERIOD

<u>1973</u>	<u>Nigeria</u>	<u>South Africa</u>
From U.S.	\$150.9 million	\$184.8 million
To U.S.	90.1 million	343.3 million
	<hr/> -\$60.8 million to U.S.A.	<hr/> +\$158.5 million to U.S.A.
 <u>1974</u>		
From U.S.	\$1,265.7 million	\$249.0 million
To U.S.	120.9 million	530.0 million
	<hr/> -\$1,144.8 million	<hr/> +\$281.0 million

---

Source: Foreign Affairs, vol. 52, no. 2 (January 1975):314.

Note: Data compares the U.S. total trade and investment in South Africa for the 1973-1974 trade period. Nigeria attracted more U.S. trade and investment in 1974. As we have pointed out in this study, the dramatic increase in investment was due to U.S. interest in Nigeria shortly after the oil embargo against some Western nations by members of OAPEC (Organization of Arab Petroleum Exporting Countries).

## EXHIBIT 1

U.S. FIRMS AND AFFILIATES IN NIGERIA  
BY AREA OF ACTIVITY

Type of Business/Service	Name of Company	Address in Nigeria
<u>Accounting</u>	Arthur Young, Osindero & company	Mandilas House, 12th Floor 96/102 Broad St P.O. Box 916 Lagos, Nigeria Phone: 20991,23381
	McLintock Main Lafrentz International	c/o Z. O. Ososanya & Co. Western House 8/10 Broad Street Lagos, Nigeria Phone: 21306
	Price Waterhouse and Company	Wesley House 21 Marina P.O. Box 1419 Lagos, Nigeria Phone: 26384, 26385
<u>Advertising</u>	Grant Advertising International (Nig) Limited	48 Thomas Street Surulere P.O. Box 3939 Lagos, Nigeria Telex: CRANTCHI
<u>Agriculture</u>	TMC International Food Machinery Division	P.O. Box 790 Kano, Nigeria
<u>Banking</u>	BT International (Nig) Ltd. (Bankers Trust Co. Rep. Off)	122/124 Broad Street 3rd Floor P.O. Box 3444 Lagos, Nigeria Phone: 38718

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Banking</u>	Chase Merchant Bank (Nig) Ltd.	23 Awolowo Road, Ikoyi P.M.B. 12035 Lagos, Nigeria Phone: 21388, 53176
	Icon Ltd. (A Morgan Guarantee Affiliate)	13 Borad Street P.M.B. 12683 Lagos, Nigeria Phone: 57635, 55276
	International Merchant Bank (Nig) Ltd. (First National Bank of Chicago Affiliate)	18 St. Gregory Road S.W. Ikoyi P.M.B. 12028 Lagos, Nigeria Phone: 55725
	Savannah Bank of Nig Ltd. (Branch Affiliate of Bank of America)	138/146 Broad Street P.O. Box 2317 Lagos, Nigeria Phone: 23961-4, 23772
	Nigerian Diversified Investment Ltd.	Investment House 21/25 Broad Street Lagos, Nigeria Phone: 25218
<u>Construction/ General Contractors</u>	Acromartime Inter- national Company	Kirikiri, Wharf Road P.M.B. 180 Apapa, Lagos, Nigeria
	Ameniger Construction (Nig) Co., Ltd.	P.O. Box 1034 Lagos, Nigeria Phone: 23170
	Aminci International Co., Ltd.	166 Clifford Street Yaba, Lagos, Nigeria Phone: 43270
	A & S Building Systems International Illeshall (Nig.) Ltd.	48 Burma Road P.O. Box 1293 Apapa, Lagos, Nigeria Phone: 46784

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Construction/</u> <u>General</u> <u>Contractors</u>	General Contractors General Contractors (Nig.) Ltd.	34 Ogunlana Drive Surulere, Lagos, Nigeria Phone: 47607
	Gyado Steers (Nig.) Limited	c/o Tilley Gyado & Sons (Nig.) Ltd. 35 Queen Elizabeth Way P.O. Box 6283 Lagos, Nigeria Phone: 22128
	IBW Enterprises (Nig.) Ltd.	c/o Phin "O" Guest House P.O. Box 3344 Lagos, Nigeria Phone: 31015
	International Housing (Nig.) Ltd.	9 Bode Thomas Street P.M.B. 3194, Surulere Lagos, Nigeria Phone: 47401
	Butler Homes	Sean House (Nig.) Ltd. 8 Norman Williams St., SW Ikoyi P.O. Box 6423 Lagos, Nigeria
	Cistar (Nig.) Ltd.	45 Marins Street Third Floor Lagos, Nigeria Phone: 20029
	Clyde Construction (Nig.) Ltd. A.A.G.S. Bacma Ltd.	4 Balogun Street P.O. Box 2820 Lagos, Nigeria Phone: 22815, 20380
	Meridan Engineering (Nig.) Ltd.	P.O. Box 149 Benin City, Nigeria

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Construction/ General Contractors</u>	Nigerian International Construction Co.	P.M.B 1354 95B Wetheral Road Owerri, Imo State Nigeria
	Johnson White United Limited	77/79 Apapa Road Ebute Metta, Lagos, Nigeria Phone: 47030
	Jones Homes Inter- national, Nigeria Ltd.	17 Martings Street Lagos, Nigeria
	J.A. Jones (Nigeria) Limited	42 Norman Williams Road Ikoyi, Lagos Nigeria
	Lastra Construction (Nig) Ltd.	70 Adetokunboh Ademola Street, V.I. P.O. Box 2468 Lagos, Nigeria
	Levitt Industries c/o Galub Group of Companies	126/130 Nnamdi Azikiwe Street Lagos, Nigeria
	Satt Nigeria Ltd	184 Nnamdi Azikiwe Street Lagos, Nigeria Phone: 27544, 27555
	Seaman International Incorporated c.o Chief Harold Sodipo	P.O. Box 213, . . . Yaba, Nigeria Phone: 43385
	Panelfab International Corporation	c/o Rida Construction Co. Ltd, Intra House 16 Ijora Causeway P.O. Box 2392 Lagos, Nigeria Phone: 42173

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Construction/ General Contractors</u>	Pureway Corporation of Nigeria Ltd.	5 Mercy Eneli Street P.M.B. 3058 Surulere, Nigeria Phone: 48291
	Raymond International of Delaware Inc.	3 Louis Solomon Close Victoria Island P.O. Box 2629 Lagos, Nigeria Phone: 27087, 52003
	Renolds Construction Co. (Nig) Ltd.	Plot 870 Victoria Island P.O. Box 5990 Lagos, Nigeria
	Sags Construction (Nig) Limited	130 Broad Street Lagos, Nigeria Phone: 20353
	International Planning Associates	P.O. Box 8536 Lagos, Nigeria Phone: 21423 Palace Ng Consortium Consultants Development Authority
	Southeaster Drilling Co (Nig) Ltd. (SEDCO)	13 Norman Williams Street S.W. Ikoyi P.O. Box 7906 Lagos, Nigeria Phone: 22189, 24044, 21599
	Tebecon	35 Kofo Abayomi Avenue, Apapa, P.O. Box 4277 Lagos, Nigeria Phone: 44794, 46988
	Urban Engineering	41 Sura Mogaji/Cokor Road Ilupeju P.O. Box 2298 Lagos, Nigeria Phone: 31068

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Consultants</u>	Bechtel International Corporation	P.O. Box 3992 Lagos, Nigeria Phone: 57915
	Chas T. Main Internaitonal Inc.	124/136 Broad Street P.M.B. 12030 Lagos, Nigeria Phone: 25743
	Foster Wheeler (Nig) Ltd.	25 Boyle Street P.O.Box 4042 Lagos, Nigeria Phone: 26159, 25706
	Frank Basil and Associates	Mainland Hotel Ebute Metta Lagos, Nigeria Phone: 41080, 41101, 46191
	Nigeria-Cincinnati Consortium	11B Falomo Shopping Center Awolo Road S.W. Ikoyi Lagos, Nigeria Phone: 27569
	Parsons Briikerhott, Quade & Douglas International Inc.	c/o Noyuk Consultants 14 Adegoke Street Surulere, Nigeria
	P.I. Nwanu Associates Incorporated	27/29 Martin Street P.O. Box 420 Lagos, Nigeria Phone: 23731
	Stanley Consultants Limited	4/6 Mill Street . Third Floor P.O. Box 2258 Lagos, Nigeria Phone: 22210, 23781



EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Consultants</u>	Sverdrop & Parcel Associates Inc.	5 Tashi Elias Close Victoria Island (Opposite King Solomon) P.O. Box 4073 Lagos, Nigeria
	Max O. Ruban International Ltd. (Management Consultants)	2/4 Adeola Odeku Street Second Floor Victoria Island (Pan Occan Building) P.M. Box 12734 Lagos, Nigeria Phone: 27073, 55841 Telex: 21468, Panoro NG
<u>Fisheries</u>	Nigerian National Shrimping Co. Ltd.	P.M. Box 4070 Sapele, Bendel Bendel State, Nigeria
	Eastate Seapons Limited	Liverpool Street Eket Cross River State, Nigeria
<u>Insurance</u>	American International Insurance Company (Nig) Limited	200 Broad Street P. O. Box 2577 Lagos, Nigeria Phone: 24635, 25059
	British American Insurance Company (Nig) Ltd.	Mandilas Building 35 Simpson Street P. O. Box 2654 Lagos, Nigeria Phone: 21479, 24178
<u>Office Equipment</u>	IBM (Nig) Ltd.	Western House P.O. Box 1083 Lagos, Nigeria Phone: 50349, 55830-1
	3M Nigeria Ltd.	(See processing and Manufacturing)

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
Office Equipment	National Cash Register (W.A.) Ltd.	GB Broad Street P.O. Box 509 Lagos, Nigeria Phone: 24191, 24198-9
	Rank Xerox (Nig) Ltd.	Ilupeju Bypass Ilupeju Industrial Estate P.M.B. 1315 Ikeja, Nigeria
<u>Pharmaceuticals and Cosmetics</u>	Abbot Laboratories Nigeria Ltd.	Ayetunke House 2 Obe Av. Aro Avenue Ilupeju P.O. Box 1427 Lagos, Nigeria Phone: 35763, 35788
	Johnson & Johnson (Nig) Ltd.	2 Commercial Road, Apapa P.O. Box 3236 Lagos, Nigeria
	Nevlon Pharmaceuticals Limited	Development House 21 Wharf Road Apapa, Nigeria Phone: 48858
	Pfizer Products Ltd.	1 Henry Carr Street P.M.B. 111 Ikeja, Nigeria Phone: 33348
	A. H. Robins International Co.	c/o Pharco (Nigeria) Ltd. P.O. Box 493 Yaba, Nigeria Phone: 44083
	Smith Khine & French Nig Ltd.	P.M.B. 599, Ikeja Lagos, Nigeria

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Pharmaceuticals and Cosmetics</u>	Squibb (Nig) Ltd.	P.O. Box 7128 No. 1 Kolawole Shonibare Street (Off Coker Road) Ilupeju Industrial Estate Ilupeju, Nigeria
	Sterling Products (Nig) Ltd.	Plot A.D. and K, Ilupeju Industrial Estate, Mushin P.O. Box 3199 Lagos, Nigeria Phone: 34300-4, 32750
	Upjohn (Nig) Ltd.	14 Nurma Road P.M.B. 1465 Apapa, Nigeria Phone: 47851
	Wyeth Nigeria Ltd.	1 Adekunle Odunlana St. P.M. B. 1324 Ikeja, Nigeria Phone: 31594
<u>Processing and Manufacturing</u>	Black and Decker (Nigeria) Ltd.	149 Western Avenue Iponri P.M.B. 3042 Surulere, Nigeria Phone: 42360
	Foremost Dairies (Nigeria) Ltd.	Ilupeju Road P.O. Box 367, Mushin Lagos, Nigeria Phone: 47570
	Goodyear Midwest Rubber Processing Company (Nig) Ltd.	Taboga Road Ikpoba Slope P.O. Box 1078 Benin City, Nigeria
	Johnson Wax (Nig) Limited	Plot 5, Block H, Isolo Industrial Estate P.M. B. 1279 Ikeja, Nigeria Phone: 53995, 23176

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Processing and Manufacturing</u>	The Crown Cork & Seal Co. (Nig) Ltd.	Henry Carr Street, Ikeja Industrial Estate P.O. Box 142 Ikeja, Nigeria Phone: 33605
	Life Flour Mill Ltd.	1 Eko Akete Close, Ikoyi (Corner of St. Gregory St.) P.O. Box 700 Lagos, Nigeria Phone: 44467, 27004
	Livestock Feeds Ltd.	Akanni Doherty Road Ikeja Industrial Estate P.M. B. 1097 Lagos, Nigeria Phone: 34665-7
	3M Nigeria Ltd.	Minnesota Mining and Manufacturing Isolo Road, Mushin P.O. Box 3062 Lagos, Nigeria
	Nigerian Kraft Bags Limited	Oregon Industrial Estate P.O. Box 29 Ikeja, Nigeria Phone: 33726
	Pureway Corporation of Nigeria Ltd.	59 Bode Thomas Street Surulere P.O. Box 8444 Lagos, Nigeria
	Nigerian Sewing Machine Manufacturing Co. Ltd., Singer	269 Agege Motor Road, Mushin P.O. Box 227 Ikeja, Nigeria Phone: 46772-3

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Processing and Manufacturing</u>	Phillip Morris Nigeria Limited	New Nigeria House 2 Odunlami Street P.O. Box 524 Lagos, Nigeria Phone: 27095, 51326, 53475
<u>Telecommunica- tions and Power</u>	Aeronutronic Ford Overseas Systems	3C Marine Road, Apapa, Lagos, Nigeria Phone: 47010
	General Electric USA (Nig) Ltd.	Plot 739B, Aeeola Hopewell Street Victoria Island P.O. Box 3912 Lagos, Nigeria
	GTE Nigeria Ltd.	2 Tinubu Square First Floor P.O. Box 5454 Lagos, Nigeria Phone: 25672, 28025
	Harris International Telecommunications	(c/o RCN) 77 Herbert Macaulay St., Yaba P.O. Box 7700 Lagos, Nigeria Phone: 42089
	ITT Nigeria Ltd.	Ikorodu Road, Yaba 19 P.O. Box 3197 Lagos, Nigeria Phone: 46631, 47611, 47612
	Motorola Communica- tions Division	28 Creek Road P.O. Box 340 Apapa, Nigeria Phone: 42080, 42089

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Telecommunica- tions and Power</u>	TCOM Westinghouse Inc.	75 Ademole Street, S.W. Ikoyi P.O. Box 2118 Lagos, Nigeria Phone: 55884 Telex: 22631 Welsa NG
	Teleconsult Inc.	19 Elsie Femi Pearse St. Victoria Island Lagos, Nigeria
	Page Europa	4A Randel Close, Apapa Lagos, Nigeria Phone: 48770
<u>Transportation</u>	Farrell Lines International (Nig) Ltd.	5 Creek Road P.M.B. 1151 Apapa, Nigeria Phone: 45536-7
	Grumman International Limited	c/o New Africa Dev. Co. Ltd., Unity House Twelfth Floor 37 Manne P.O. Box 6299 Lagos, Nigeria Phone: 23354
	Pan American World Airlines	P.M.B. 1054 Ikeja, Nigeria Phone: 33601, 33798, 33972
	Pan American World Airways Inc.	Investment House 21/25 Broad Street P.O. Box 2311 Lagos, Nigeria Phone: 26191-5

EXHIBIT 1 continued

Type of Business/Service	Name of Company	Address in Nigeria
<u>Transportation</u>	Trans World Airlines Agent in Nigeria	British Caledonian Airways 47 Marina P.O. Box 594 Lagos, Nigeria Phone: 25975-9
<u>Miscellaneous</u>	The Ford Foundation	47 Marine Seventh Floor P.O. Box 2368 Lagos, Nigeria Phone: 27525-9
	Eko Holiday Inn Inc.	c/o Eko Hotel Victoria Island P.M.B. 12724 Lagos, Nigeria Phone: 52365
	Primary Steel (Nig) Ltd. (Metals & Ores)	10 McPherson Avenue, Ikoyi Lagos, Nigeria Phone: 21247

Source: Courtesy of Commercial Attache, Nigeria Consulate Office, Nigerian Embassy (Atlanta, GA, USA, 1984).

Due to the commonality of interest in trade relations, the Nigerian American Chamber of Commerce was formed. As the Nigerian Concord International pointed out:

The Lagos membership grew from an active 4 to 280 in one year, and they were able to establish there other branches in Nigeria. U.S. firms have participated in the Kaduna International Trade Fair since its inception. At the first Kaduna International Trade Fair in 1979, only one American firm participated directly in the fair - Grumman International. However, more than 12 American product

lines were represented through their Nigerian distributors. Although the U.S. participation in the 1st Kaduna International Trade Fair was relatively sparse, the subsequent participation steadily accelerated pinnacled with the dedication and contribution of a U.S. permanent pavillion.<sup>85</sup>

### U.S.-Nigerian Relations Under the Second Civilian Government

The adoption of the presidential system of government and subsequent return to another civilian administration in 1979 seemed to the United States a political victory. Nigeria had experienced the parliamentary system before trying the American model of presidential system. The pride derived from Nigeria's adoption of the U.S. presidential model is made vivid by Collis R. Lynch, who noted that:

Interestingly, for the first time it has eschewed the British Westminster Parliamentary model and has adopted a constitution that is closely based on that of the United States. It is reasonable to assume that admiration for and evaluation of American political institutions are in part due to the influence of thousands of well meaning American educated Nigerians. They represent a large reservoir of goodwill for the United States.<sup>86</sup>

Between 1979 and 1983, many Nigerian politicians were sponsored to respective U.S. city halls, state legislative sessions and special seminars to understudy the American political process. Nevertheless, the Carter Administration, which had championed the healthy U.S.-Nigeria relations had been ousted by Ronald Reagan's election to the White House. As we will illustrate in chapter four, those factors

---

<sup>85</sup>Editor, "Nigeria Assures U.S. Investors," Nigerian Concord International, vol. 1, no. 3 (February 21-28, 1984):1

<sup>86</sup>Collis R. Lynch, "K.O. Mbadiwe, 1939-1947: The American Years of a Nigerian Political Leader," Journal of African Studies vol. 7, no. 4 (Winter 1980-81):201.



which had fostered U.S.-Nigeria relations were no longer encouraged.

The lukewarm attitude demonstrated in the political sphere was also extended to her trade relations. On the part of Nigeria, the economy which had experienced a lengthy boom suddenly started experiencing a dramatic downward trend late in 1981. According to Goffredo Caccia:

By June, reserves had already dropped to \$5.45 billion. It dwindled to \$1.8 billion by February 1982 and to \$1.1 billion by the end of March. Saudi Arabia and Kuwait offered Nigeria a \$1 billion loan if it would stand firm on the OPEC oil prices.<sup>87</sup>

Consequently, Nigeria embarked on import restriction and stringent foreign exchange procedures. All these, no doubt affected the trade relations between the U.S. and Nigeria. Lack of trust followed, since most Nigerian businessmen could not honor their trade obligations to their American counterpart. According to Lex McGee:

The business climate in Nigeria has gotten five, maybe ten times more difficult than it was a few years ago. There's less of a silver lining than there was even a year ago and the new guy on the block is going to get scared off. If you want to do business in Nigeria now you have to be serious about it and you have to know where you are going.<sup>88</sup>

In response, the American business community have been impatient with Nigeria. They claim that:

Nigeria's foreign exchange problems have created a credit crunch that in turn has caused cash flow problems for U.S.

---

<sup>87</sup>Goffredo Caccia, "Nigeria: Oil Plot or Oil Glut," Journal of African Marxists, Issue no. 2 (January 1983):87.

<sup>88</sup>Nicholas Taylor, "Is Nigeria Really A goldmine for Atlanta Business?", p. 76

exporters. Therefore, not a single supplier is issuing credit to Nigeria; rather, American companies are pulling back, looking for European middlemen they can bill directly for shipments to Nigeria.<sup>89</sup>

The entire scenario is best described by Umaru Dembo, who commented that:

The stormy years of 1979-1983, a period when civilians took rein without knowing from the soldiers publicly the economic situation, the oil position and foreign reserves were still a myth to most Nigerians, worse still, politics to most Nigerians only meant money making without any production. Economic position, discipline and security went haywire and by the end of 1983 there was a coup again.<sup>90</sup>

The Buhari Administration which ousted Shehu Sharari in 1983, felt that revitalizing the trade relations with the United States was a good strategy to reviving the Nigerian economy. By 1984, he:

... notified the Nigerian-American Chamber of Commerce that he was sending a delegation led by the Finance Minister to brief the American business community about the need to renew active trade and investment in Nigeria.<sup>91</sup>

As it turned out, Buhari's economic policies were said to be wanting and thus led to yet another coup by President Ibrahim Babangida. President Babangida had felt that accepting a \$2.4 billion loan from the International Monetary Fund would be the solution to Nigeria's economic crisis.

---

<sup>89</sup>Nicholas Taylor, "Is Nigeria Really A Goldmine for Atlanta Business?" Business Atlanta, June 1983, p. 76.

<sup>90</sup>Umaru Dembo, Telex, vol. 1 (October 1985); p. 6.

<sup>91</sup>Maduka Ugwu, "Nigeria Assures U.S. Investors," in Nigerian Concord International, vol. 1, no. 3 (February 21-18, 1984):1.

In the following chapter we shall centralize our investigations on U.S. trade with Nigeria in specific sectors with a view of finding out the volume and extent of trade in each sector.

## CHAPTER THREE

### U.S.-NIGERIA TRADE RELATIONS: ANALYSIS BY SECTOR

#### The Petroleum Oil Sector

Petroleum oil has become much more important in the world economy than ever before. Consequently, there has been production and sales for developing oil producing countries. The ability to utilize oil wealth as a powerful and unique asset for eventually reducing and eliminating the features of underdevelopment such as high external debts, low industrialization and capital accumulation, political instability, poverty and hunger, illiteracy, disease, qualor, and generally improving the standard of living of producing countries is, in our analysis, a crucial issue.

This concern is very important when we recall that oil mineral is a wasting asset. Therefore, a developing country who fails to utilize the opportunity to generally improve the standard of living of its citizens, mainly has itself to blame. Moreover, the developed countries, who have more useful need for oil have been adversely affected by the oil crisis set in motion by the oil embargo and escalating price increases of 1973, have been spending huge amounts on research projects aimed at finding alternative energy sources.

The objective of this strategy is "to encourage the use of a variety of alternative energy sources ranging from solar power to

municipal refuse, which can introduce fuel substitutes for oil and natural gas."<sup>92</sup>

Naturally, one would see higher budget increases from thousands to millions to billions on the part of Nigeria. This would be a very incomplete way of evaluating how much Nigeria has been able to cope with oil wealth. Thus, while the size of the budget and how it is allocated matters, it is very necessary to go beyond by looking into how the Nigeria oil wealth has really been spent, whose interests they have been serving and what pattern of crisis, conflict, or developments have been generated in the Nigerian society.

The analysis here which aims at substantiating our hypothesis, will begin by examining the history of oil exploration in Nigeria, its impact on development projects, foreign trade and investment patterns as well as examine the crisis it has generated in contemporary Nigeria as a result of American involvement in the industry.

### History of Oil Exploration in Nigeria

The exploration of oil in Nigeria dates back to 1938 when the British colonial government granted prospecting license to the Shell-BP Company, to prospect for oil in the Delta areas of the country. However, active prospecting did not start until World War II was over in 1948.

The first deep exploration well was sunk in the Niger Delta area in 1951. By 1953, extensive quantities of oil and gas were found

---

<sup>92</sup>Bob Dean, "Efforts Begin to Plan Gas Energy Future," The Atlanta Constitution, December 6, 1985, p. 1.

at Akata near Calabar. More quantities were also located at Huk, Mbang and Ekin also in the Niger Delta areas of Nigeria.

These discoveries:

... gave impetus for hopes and additional expenditures although the Shell-BP had spent a total of over 12 million pounds on drilling works. The first major commercial field was struck in 1956 at Oloibiri near Port Harcourt, and at Afram in Rivers State respectively.<sup>93</sup>

After these oil deposits had been found the colonial government granted an additional license to Mobile Oil Company of the United States as a concessionaire to prospect for oil in Nigeria. Years later, Nigeria started exporting petroleum. Production increased gradually just as in other mining industries such as tin in Jos, and coal at Enugu. According to Lazar Duerstein, "at the beginning, export of petroleum was principally to Britain. Revenues accrued to the oil firms and the colonial governments only."<sup>94</sup>

The table below shows the quantity of crude petroleum produced in Nigeria between 1960 and 1979. As production increased, revenue increased. As the table reveals, dramatic increases in production and revenue started at the end of 1966 which also marked the end of the first civilian administration in post colonial Nigeria. Table 13 also depicts the growth of oil exports as its percentage of total exports between 1960-1981. As can be noted in the table, the two years preceeding 1966 recorded a decline in total percentage export from 32.4

---

<sup>93</sup>Mervin John, "The Search for Oil in Nigeria Promising Indications in the South," African World (September 1955):6.

<sup>94</sup>Lazar Duerstein, "Oil and Development Planning: Implications for Nigeria," Energy Policy (December 1976):330.

TABLE 12

## NIGERIAN OIL PRODUCTION PER DAY 1960-1979

<u>Year</u>	<u>Barrels (per day)</u>
1960	17,500
1961	46,000
1965	275,000
1966	420,000
1968	1.1 million
1970	2.1 million
1973	2.3 million
1976	2.0 million
1979	2.4 million

---

Source: Nigerian Trade Journal, various issues (March-April 1980).

Note: Table illustrates the quantity of petroleum output per day between 1960 and 1979. Quantities are measured in barrels. Figures show a progressive increase of output. Figures are not in chronological sequence of annual production.

percent in 1966 to 29.9 percent and 17.5 percent respectively. This is accounted for by the Nigerian Civil War during this period. In the ensuing analysis we shall examine how and why government control was gradually extended over oil production.

Government Participation in Oil Production, Oil Wealth, and Development Planning in Nigeria

Nigeria currently stands as the seventh largest OPEC producer, and ahead of Libya on the African continent. Nigeria is valued in

TABLE 13  
GROWTH OF NIGERIA'S OIL EXPORT 1960-1981

Year	Total Exports	Change in Total Exports (%)	Crude Petroleum Exports (Nm)	Change in Crude Petroleum Exports (%)	Non-Oil Exports (N)	Change in Non-Oil Exports (%)	Share of Oil Exports in Total Exports (%)	Share of Non-Oil Exports in Total Exports (%)
1960	330.4	2.9	8.8	63.0	321.2	1.8	2.7	97.3
1961	346.9	5.1	23.1	162.5	323.8	0.008	6.7	93.3
1962	334.2	-3.7	33.5	45.0	300.7	-7.1	10.0	90.0
1963	371.5	11.2	40.4	26.6	331.1	10.1	10.9	89.1
1964	429.2	15.5	64.1	58.7	365.1	10.3	14.9	85.1
1965	536.7	15.0	136.2	112.5	400.6	9.7	25.4	74.6
1966	568.2	5.8	183.9	35.0	384.3	-4.1	32.4	67.6
1967	483.6	-14.8	144.8	-21.3	338.8	-11.8	29.9	70.1
1968	422.2	-12.7	74.0	-48.9	348.2	2.8	17.5	82.5
1969	636.3	50.7	261.9	253.9	374.4	7.5	41.2	58.8
1970	885.4	39.1	510.0	94.7	375.4	0.003	57.6	42.4
1971	1293.3	46.1	953.0	86.4	340.3	-9.3	73.7	26.3
1972	1434.2	10.9	1176.2	23.4	258.0	-24.2	82.0	18.0
1973	2277.4	58.8	1893.5	61.0	383.9	48.8	83.1	16.9
1974	5794.8	154.4	5365.7	183.4	429.1	11.8	92.6	7.4
1975	4925.5	-15.0	4563.1	-15.0	362.4	-15.5	92.6	7.4
1976	6751.1	37.1	6321.6	38.5	429.5	18.5	93.6	6.4
1977	7976.6	18.2	7453.6	17.9	523.0	21.8	93.4	6.6
1978	6064.4	-16.8	5401.6	-27.5	662.8	26.7	89.1	10.9
1979	10836.8	-63.4	10166.8	88.2	670.0	1.1	93.8	6.2
1980	14077.0	29.9	13523.0	33.0	554.6	-17.0	96.1	3.9
1981	10470.1	-52.6	10280.3	-24.0	189.8	-65.7	98.2	1.8

Source: Central Bank of Nigeria, Annual Reports, Economic and Financial Review, various issues.

Note: Table illustrates the rise of oil as a major export commodity of Nigeria as well as the relative decline of other revenues sources between 1960-1981.



the international oil circles for high quality, low sulphur content, Bonny Light brand oil. This has largely contributed to the steady growth of the search for the Nigerian oil in the international oil market.

As we saw earlier, prior to independence, control of the oil industry was exclusively in the hands of the British colonial government and its concessionaires. At independence in 1960, policy goals were only directed at the collection of petroleum revenue taxes from production companies. It is also important to point out that the British government, on the eve of independence, passed a petroleum profits tax ordinance which instituted a fifty-fifty profit sharing arrangement with the foreign companies. This ordinance gave a lot of room for cheating by many companies until at the end of 1966 when the military government stepped into Nigerian power politics. The military reduced the rate at which companies were allowed to depreciate their capitalized investment by one-half as well as abrogated the colonial profit sharing ordinance. Since then, the government has continued to show interest and have extended its control over the oil industry.

In 1969, a petroleum decree was passed, demanding a compulsory part ownership in "... commercial operations, developing new licenses and increased proportions of Nigerians to be employed by the foreign companies."<sup>95</sup> In 1971, Nigeria joined the OPEC and passed regulations stipulating that:

... for all offshore rights issued by the government, the foreign investor must accept 50% state participation.

---

<sup>95</sup>R. A. Joseph, "Affluence and Underdevelopment: The Nigerian Experience," Journal of Modern African Studies, vol. XVI, no. 2 (1978).

Later that year, the terms of co-operation was increased from 4% to 51% in favor of the Nigerian government. To ensure the proper management and supervision of oil production and sale, the Nigerian National Oil Company was created and entrusted with the Nigerian interest in the oil business.<sup>96</sup>

In 1972, the Nigerian government declared a no new concessions policy for the remaining offshore rights not included in the 1971 agreements. This strategy allowed the Nigerian National Oil Company to take control of all areas not covered and to exercise more control on "on shore" prospecting. Thus, in 1973, the name Nigerian National Oil Company (NNOC) - was changed to Nigerian National Petroleum Corporation (NNPC) and vested with the "overall control of the oil industry."<sup>97</sup> In May of 1974, Nigeria, encouraged by the accruing profits since the 1973 oil boom, increased its share in the oil industry from 51 percent to 55 percent.<sup>98</sup>

Wealth from oil has since been on the increase and has thus enabled Nigeria to take on much larger and more complex development projects. The impact of oil on development planning was seen from the very rapid rise in the expenditure in the various national development plans with very little expected from external sources; for example, the first development plan after independence (1962-68) involved a

---

<sup>96</sup> Lazar Duerstien, "Oil and Development Planning: Implications for Nigeria," p. 334.

<sup>97</sup> Wright Stephen, "Africa's Emergent Superpower: The Resource Dimension of Nigerian Foreign Policy," paper presented at the British International Studies Associations Conference, University of Keele, December 1979, p. 4.

<sup>98</sup> Wright Stephen, "Nigeria Boosts Participation to 55%" World Oil, vol. 179 (August 15, 1974)/.

capital expenditure of 2.2 million with a projected growth rate of 4 percent in real terms. The contribution of oil to this amount was very minimal because Nigeria was still heavily dependent on foreign aid and revenues from donor countries, export of cash crops like cocoa, peanuts, cotton, palm produce (palm oil, palm kernels and rubber) were prevalent at this time.

The capital expenditure however showed a dramatic increase in the second national development plan (1970-74) with a projected expenditure of \$3 billion and a growth rate of 6.6 percent in real terms. At this time oil had started making some major contribution to the revenue of the Nigerian government. Under the 1970-74 plan, the government paid more attention to petroleum which in no time took the lead in Nigeria's foreign exchange earnings, and by 1976, oil had become the largest component of the National Gross Domestic Product (GDP). As the economic indices (table 14) below depict, the oil, which contributed only 25.9 percent to the gross revenue in 1970-71, progressively contributed 67.3 percent in 1974 and 80.80 percent by 1975.

To ensure even economic development, the government decided to organize agencies which experts regarded as more important foundation stones in developing the Nigerian economy. Some of these agencies and the intended functions are listed below.

1. Nigeria Agricultural Bank (1973)

The long term objective of the Nigeria Agricultural Bank, which was set up in 1973, according to Gen. Yakubu Gowon, was:

... to provide credit and loans for development and thereby enhance the level and quality of agricultural

TABLE 14

SELECTED ECONOMIC INDICES OF NIGERIA SHOWING  
INCREASE IN OIL REVENUE 1970/71 TO 1979/80

Year	Total Revenue	Federally Retained Revenue (N Million)	Oil Reserve	Oil Revenue As % Total Revenue
1970-71	758.1	755.80	196.4	25.9
1971-72	1,410.9	1,084.33	740.1	52.5
1972-73	1,309.9	1,067.56	576.2	41.5
1973-74	2,171.3	1,733.84	1,461.6	67.3
1974-75	5,177.1	4,076.98	4,183.8	80.80
1975-76	5,861.6	4,026.15	4,611.7	73.7
1976-77	7,070.3	5,050.80	5,548.5	78.5
1977-78	8,251.2	5,574.12	5,821.48	70.6
1978-79	6,815.3	4,443.46	4,249.23	62.3
1979-80	8,805.3	6,271.12	7,350.3	--

Source: Federal Ministry of Finance, Statistics Division, Lagos: 1980).

Note: Table indicates the growth of oil as a heavy foreign revenue earner for Nigeria. Figures show oil revenue as a percentage total of Nigerian revenues for the years shown. Figures are in millions of Naira.

production including the following: horticulture, poultry, farming, pig breeding, fisheries, forestry and timber production. The aim of the bank is to improve rural life and the agricultural economy of the country by boosting income and purchasing power to the rural population.<sup>99</sup>

2. Nigerian Bank for Commerce and Industry (1973)

The principal function of the NBCI included the provision of equity capital and funds by way of loans to indigenous persons, institutions and organizations for medium- and long-term investments in industry and commerce of Nigeria.

3. The Nigerian Standard Organization (1971)

This was established under Decree No. 56 of 1971 and its functions were to standardize methods and products in industries in Nigeria and to ensure federal-state government compliance with national policy on standardization.

4. Industrial Research Council of Nigeria

This council was established in 1971 and affiliated to the Federal Ministry of Industries. The principal functions of the council, among other things, were to carry out research activities in Nigeria and to develop and apply such industrial research results to the nation's needs.

5. Nigerian Enterprises Promotion Board (1972)

This Board was designed to govern the Nigerian indigenization decree program. Its main functions as specified under Section 4(2)

---

<sup>99</sup>Panther Brick, Soldiers and Oil: The Transformation of Nigeria (London: Frank, Cass and Co., 1979), p. 25.

of Decree No. 4 of February 1972 were to advance and develop the promotion of enterprises in which citizens of Nigeria should participate fully and play a dominant role. See our Appendix A, Schedules 1 and 2.

The Murtala/Obasanjo Government improved on the program by adding in 1977 that:

Nigerian Enterprises Promotion Decrees are to advance and promote enterprises in which citizens of Nigeria shall participate fully and play a dominant role as well as ensuring the assumption of the control of the Nigerian economy by Nigerians in the shortest possible time.<sup>100</sup>

See our Appendix B, Schedules 1, 2, and 3.

However, it was not until the Third National Development Plan (1975-80) that the impact of oil was really demonstrated. Capital expenditure increased to \$30 billion with a growth rate in real terms of 9 percent with great emphasis placed on:

Those sectors which directly affect the welfare of the ordinary citizen; these included housing, health facilities, water supplies, rural electrification and community development. The aim is that by the end of the plan period every Nigerian should experience a definite improvement in overall welfare.<sup>101</sup>

James Ojiako stated that:

With the unprecedented figure of \$30 billion, ten times the level of investment for the second plan, committed over the next five years, the new plan clearly sets out to change the face of the nation and to create equal opportunities for Nigerians to fulfill themselves.<sup>102</sup>

---

<sup>100</sup>Federal Ministry of Information, Federal Government Gazette (June 1977, p. A19; The Nigerian Enterprises Promotion Decree, 1977

<sup>101</sup>Ministry of Information, The Third National Development Plan 1975-1980 (Lagos: Government Printers, 1975), p. 12.

<sup>102</sup>James Ojiako, 13 Years of Military Rule (Lagos: Daily Times Press, 1980), p. 163.

In every sector of the nation's economy, everything was provided for as never before. This was highlighted by some of the major sectoral allocations, some of which were transport - \$7 billion; education - \$2.5 billion; agriculture - \$2.2 billion; urban development - \$1.8 billion; communications - \$1.3 billion, and health \$700 million. Ojiako further stressed that:

This high investment has been made possible by the enormous revenue available to the government from both the oil and traditional resources, and that the government was determined to use 'the Third National Development Plan to lay the foundation for our industrial revolution which would hasten the process of eliminating want in the midst of plenty.'<sup>103</sup>

However, as of September 30, 1979, the last day of the thirteen years of military administration, the overall financial position of the federal government showed a deficit of about \$1.4 billion. The state governments were also in similar plights. The Nigerian economy had started showing a downward trend and new realignment was urgently sought.

In the industrial sector, emphasis was shifted to the establishment of small scale and medium size industries for which financial support was sought from the Nigerian Industrial Development Bank and the Nigerian Bank for Commerce and Industry.

#### U.S.-Nigeria Oil Trade Relations: An Investigative Analysis

As we pointed out earlier in this study, the spectacular growth in Nigeria's oil production in the early 1970s resulted in a rapid increase in its share of American imports. During the period of the Arab oil embargo in 1974-75, Nigeria became the first choice of the United States to discuss oil trades with. But after 1976, the high price of

---

<sup>103</sup>Ibid., p. 165.

Nigerian oil (due to its low sulphur content) induced the U.S. to purchase cheaper Saudi Arabian oil. Since then Nigeria has remained the United States' second oil supplier.

In the following analysis we have extended our studies to identifying those factors which prompted and fostered this sudden trade relation. We have also examined other areas in the oil industry where the United States is very active. Our analysis will be incomplete without an examination of the exploration, drilling and marketing aspects of the industry.

The shift in economic emphasis from the traditional sources of agricultural produce to oil at the demise of the first civilian administration in 1966 was more a reflection of the political dilemma which faced Nigeria in the second half of the 1960s rather than of choice. The series of constitutional crises which plagued Nigeria since 1962 culminated in the military seizure of government on January 15, 1966, which was followed by an outbreak of civil hostilities in 1967. The prolonged military action to suppress the Biafran secessionist forces and preserve the country as one political and economic entity provided a severe test for Nigerian nationhood. In retrospect, it also forced a better understanding of the economic potentialities of the country as well as provided ideas as to what developmental efforts Nigeria needed to continue as one nation.

It is on this basis that we choose to lay emphasis on the post-civil war national reconstruction and development efforts as the general background in studying Nigeria-U.S trade relations.



The war helped to generate greater confidence in the basic strength and resilience of the Nigerian economy and enhanced its potential credit worthiness abroad. The origin of this confidence cannot however, be ascribed to oil as the main determinant of growth. It was based on the overall natural endowments of the country in the fields of agriculture, livestock, forestry, fishing, water resources, mineral oil, solid minerals, fuel and energy.

With General Yakubu Gowon's determination to heal the nation's wounds encountered during the civil war,

The second National Development Plan (1970-74) was launched as a means of reconstructing the facilities dam , and to promote economic and social development throughout the country.<sup>104</sup>

As the situation turned out, the Gowon's administration was planning on post war recovery and also upon attempting to launch Nigeria as a modern state, only to find out that the country needed a substantial financial capital to meet its goals. It was then that Nigeria intensified efforts in producing more oil for sale, as well as prospect for a stable buyer. The increases in production are revealed in our table 15 on Nigeria's crude oil production statistics. The United States was ready to fill that vacuum. Consequently, by the 1973-/4 trading period, a few years after the civil war,

The value of oil exports stood at \$2.278 billion which was almost double the figure of \$1,248 billion projected in the Plan Period. This improvement was due almost entirely to the increase in both the price and output of crude oil.<sup>105</sup>

---

<sup>104</sup>James Ojiakor, "The War Economy," 13 Years of Military Rule, 1966-1979 (Lagos: Daily Times Press, 1980), p. 69.

<sup>105</sup>Jean Herskovits, "Nigeria: Africa's New Power," Foreign Affairs, vol. 53, no. 2 (January 1975):325.

TABLE 15

## NIGERIAN CRUDE OIL PRODUCTION STATISTICS

Year	Production ( '000 barrels)	Average Daily Production ( '000 barrels)	E x p o r t s	
			Barrels ( '000)	Value (N million)
1958	1,876	5	1,820	1.8
1959	4,096	11	3,957	5.2
1960	6,367	17	6,244	8.4
1961	16,802	46	16,505	22.6
1962	24,624	68	24,680	34.4
1963	27,913	76	27,701	40.4
1964	43,997	120	43,432	64.0
1965	99,354	270	96,985	136.2
1966	152,428	418	139,550	184.0
1967	116,553	319	109,275	142.0
1968	51,907	142	52,130	77.6
1969	197,204	540	197,246	301.2
1970	395,836	1,084	383,455	507.6
1971	558,679	1,531	542,545	1,053.0
1972	643,207	1,757	650,980	1,176.2
1973	750,593	2,056	723,314	1,893.5
1974	838,318	2,256	795,710	5,365.7
1975	651,507	1,785	627,839	4,565.1
1976	758,058	2,071	736,823	6,321.7
1977	766,054	2,099	744,413	7,072.8
1978	667,609	1,829	667,387	5,401.6
1979	842,474	2,308	812,727	10,166.8
1980	752,498	2,056	701,260	13,523.0
1981	525,598	1,436	458,162	10,280.3
1982	470,639	1,289	366,400	8,003.2
1983	450,923	1,235	341,400	7,201.2
1984	507,998	1,388	401,002	8,840.6

Source: Central Bank of Nigeria, Annual Report (various issues); Economic and Financial Review (various issues); G. O. Nwanko, Nigeria and OPEC (Ibadan: African Universities Press, 1983).

The world oil business changed drastically in favor of Nigeria in 1974. OPEC's new prices hurt industrialized nations, including the United States. Cries of greater anguish also came from the poor countries who were forced to scrap their budgets, their development plans and their modest hopes, if any at all. Many of these countries are in Africa. Nigeria thus became one of the few OPEC countries for whom all was good. Though a member of OPEC, Nigeria did not belong to the Arab subgroup Organization of Arab Petroleum Exporting Countries (OAPEC) and therefore did not take part in the 1973-74 boycott nor did Nigeria cut its production. It was on this ground that Nigeria became prominent as an alternative source of oil to the United States.

According to the State Department,

Traditional sources of U.S. petroleum imports shifted markedly during the first seven months of 1974. The most dramatic change was Nigeria's leap to second place behind Canada. Nigeria exchanged places with Venezuela which fell to fourth position.<sup>106</sup>

This point is corroborated by the Federal Energy Administration who provides table 16.

As the United States became a stable market, Nigeria was encouraged to step up her oil production to take advantage of the ready market. We present table 17 below which depicts the steady rise in production and export of the Nigerian crude oil between 1971 and 1981.

Examining the implications of this sudden trade in oil between the United States and Nigeria, Daniel Bach highlighted that:

Nigerian oil supplies to the U.S. have featured as a factor either of strength or of weakness in the bilateral relationship, depending on the state of the

---

<sup>106</sup>Ibid., p. 327.

TABLE 16

SOURCES OF U.S. PETROLEUM IMPORTS FOR THE JANURAY-  
AUGUST 1974 PERIOD (THOUSANDS OF BARRELS PER DAY)

Country	Average Per Day	% of Total
Canada	896.4	24.7
Nigeria	663.8	17.5
Iran	561.9	15.5
Venezuela	405.1	11.2
Saudi Arabia	301.0	8.3
Indonesia	283.7	7.8

Source: Jean Herskovits, "Nigeria: Africa's New Power,"  
Foreign Affairs, vol. 53, no. 2 (January 1975):325.

TABLE 17  
VALUE OF NIGERIA'S EXPORTS OF MAJOR COMMODITIES (Million Naira)

Commodity	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Major Agricultural Products	242.8	172.0	239.8	276.0	230.6	274.1	375.7	412.8	468.0	340.1	113.2
Cocoa	143.8	101.1	112.4	159.0	181.0	218.9	311.1	377.9	432.2	311.8	84.5
Cotton (Raw)	11.0	0.6	4.7	-	-	-	10.1	4.2	-	-	-
Groundnuts	24.4	19.1	45.5	6.8	-	0.2	-	-	-	-	-
Groundnuts Oil	12.6	10.9	23.6	11.4	0.2	-	-	-	-	-	-
Hides and Skins	4.8	6.8	12.5	10.6	8.8	6.8	5.7	3.8	2.6	2.4	-
Palm Oil	25.8	0.2	*	*	1.2	0.5	-	1.0	-	-	-
Palm Kernels	3.4	15.7	18.9	43.7	18.5	27.0	32.6	12.7	11.8	11.5	10.0
Rubber (Natural)	12.4	7.4	19.4	33.2	15.1	14.4	11.1	12.6	13.0	11.8	18.7
Timber (Log and Sawn)	5.2	8.1	1.5	11.2	4.6	0.9	0.5	0.1	-	-	-
Coffee	-	2.1	1.3	0.1	1.1	5.4	4.6	0.5	0.6	-	-
Mineral Products	954.0	1177.3	1894.8	5367.1	4565.3	6324.7	7079.2	5402.5	10167.8	13524.0	10281.3
Columbite	1.0	1.1	1.3	1.4	1.5	2.5	6.3	0.6	0.9	0.9	0.9
Petroleum (Crude)	953.0	1176.2	1893.5	5365.7	4563.1	6321.7	7072.8	5401.6	10166.8	13523.0	10280.3
Others	n.a.	n.a.	63.9	n.a.	0.7	0.5	0.1	0.1	0.1	0.1	0.1
Manufactures & Semi Manfts.	48.2	37.3	68.9	67.0	53.8	58.9	84.8	48.6	42.6	39.0	39.1
Agricultural	18.4	18.1	38.6	31.7	25.5	22.8	62.0	31.4	27.6	25.4	10.9
Cocoa Butter	8.2	10.1	15.0	21.0	20.4	14.5	38.5	17.6	20.8	19.8	14.9
Cocoa Cake	2.0	2.1	5.4	5.1	4.2	3.1	18.4	4.5	5.5	4.5	5.1
Cocoa Powder	1.4	-	0.2	0.8	0.3	1.8	4.1	9.3	1.3	1.1	1.1
Groundnut Cake	6.8	5.9	18.0	4.8	0.6	3.4	1.0	-	-	-	-
Tin Metal	24.2	19.1	15.5	26.4	20.4	15.5	13.3	9.4	10.8	9.8	10.4
Others	5.6	0.1	9.8	8.9	7.9	20.6	8.8	2.0	4.2	3.8	7.8
Other Exports	35.8	35.2	70.9	73.8	70.5	86.0	82.7	187.7	147.2	147.0	15.6
Total Domestic Exports	1280.8	1421.8	2269.4	5783.9	4920.2	6743.7	7621.7	6051.8	1020.1	10450.1	10449.2
Re-Exports	12.6	12.4	9.0	10.9	5.3	7.4	9.0	12.6	16.2	26.9	20.9
Total Exports	1293.4	1434.2	2278.4	5794.8	4925.5	6751.1	7630.7	6064.4	10836.8	14077.0	10470.1

Source: Michael Obadan, "Prospect for Diversification in Nigeria's Export Trade" (Unpublished.)

Note: Table demonstrates sources of revenues and the value in Nigeria export trade for 1971-81 trade period. Note the rise of the export of petroleum products compared to other minerals.

international oil market. Thus the 1976 conflict between Nigeria and the U.S. over Angola did not affect oil supplies from Nigeria. In the world market at that time an excess of supply over demand resulted in prices falling and OPEC had to order a cutback in production; as a result Nigeria was in a weak position vis-a-vis the United States, although the latter purchased as much as 36% of Nigerian oil exports in 1976. By contrast, during the 1973-74 and 1979-80 periods, sharp increases in world prices enabled Nigeria to consider its oil exports to western European countries as a way of influencing their policies towards Southern Africa. However, a Nigerian oil embargo would also jeopardize the economic strategy of the federal government. Indeed, the oil crisis had enabled Nigeria to impose a redefinition of the modalities of the country's incorporation into the international economic system on foreign companies--as can be seen in the case of U.S.-Nigerian relations, for Nigeria oil was a factor of might but not of power.<sup>107</sup>

In spite of the importation of Nigerian crude oil, the United States, through her multinational corporations, has substantial trade relations with Nigeria in other areas. However, American interest is more in the oil industry.

#### Extent of American Involvement in Nigerian Oil Industry

There are five important areas of activities in the oil industry: exploration, crude oil production, oil transportation, refining and petroleum products marketing. There are seven major multinational corporations conducting these activities in the world and are as follows: Exxon (USA), formerly Esso); Texaco (USA), Gulf (USA), Mobil (USA), Standard Oil of California (SOCAL, USA); Royal Dutch, Shell (Holland); and British Petroleum (Britain). There is a group of international minors. The companies

---

<sup>107</sup> Daniel C. Bach, "Nigerian-American Relations: Converging Interests and Power Relations," Nigerian Foreign Policy Alternative Perceptions and Projections (New York: St. Martin's Press, 1983), p. 44.

in this group have international operations but are of relatively much smaller scale and have smaller control of the market. These firms include: the Phillips Petroleum (USA), the Standard Oil of Indiana (USA), and Nigerian National Oil Corporation (NNOC). The Nigerian National Oil Corporation is important in the Nigerian oil business. Nevertheless, it is important for us to state that there are collectively about fifteen companies in the industry, including the French Petroleum Company (Compagnie Francaise de Petroles) which in oil circles, is sometimes referred to as the eighth of the international majors. These figures do not include companies listed below which are providing auxillary services to major oil companies which extend their operations to Nigeria.

#### Specialization Among American Oil Companies

The major technical processes in the production of petroleum products in Nigeria is also in line with those enumerated above, which are petroleum prospecting and exploration, production, transportation, refining and petroleum products marketing. The first line of specialization involves the major companies which are Shell-BP, Gulf, Mobil, Exxon, Pan Ocean and Texaco. These companies acquire the relevant leases and licenses for all other processes from the Nigerian government.

Next are the auxillary service companies which are awarded contracts by the mother companies to execute specific assignments like exploration, prospecting, production or pipelining for transportation. These companies manufacture and also import their own equipment such as drilling rigs, barites, bentonite treatment plants, safety valves, pipes and boots. This area is dominated by American companies, some being

Dresser Marcoba, Dowell Schlumberger, Camco, Otis Baker and Nisco (Nig) Ltd. which is the only significant Nigerian service company.

The third most important area of specialization in the oil industry is marketing. The Nigerian National Petroleum Corporation (NNPC) is authorized to produce crude oil in addition to its marketing and supervisory functions of the export of the federal government's share of crude oil produced by the major corporations. The introduction of "third party buyers" in 1978 led to the inclusion of American crude oil marketing companies which now include Pan Ocean (USA), Phillips Oil Company (Nig) Ltd., and J. J. Brandler Company. Since 1977 the top aggregate export shows that over 50 percent of Nigerian oil is exported to the United States. This is well reflected in our table 18 below.

The fourth line of specialization is the refining of crude petroleum oil. This is handled in Nigeria, Europe and the United States. There are three petroleum refineries in Nigeria, located at Port Harcourt, Warri, and Kaduna, respectively. Despite these refineries, less than 40 percent of Nigeria's crude oil is refined within the country, the bulk being refined and re-exported to Nigeria from Texas, Louisiana, Oklahoma, and France.

Petroleum products available for domestic distribution include kerosene, petrol, diesel, engine oil, lubricants and butimen. The distribution was also largely handled by Shell-BP, Mobil, Texaco, Esso (Exxon) and assorted companies such as Khaliland Dibbo. Since independence, this area has been dominated by Nigerians. British petroleum was taken over by the Nigerian government in 1978 for its support of apartheid in South Africa, and is now operated by the Nigerian National



TABLE 18

PERCENTAGE DISTRIBUTION OF CRUDE OIL EXPORT BY  
MAJOR DESTINATIONS, 1977 AND 1979 PERIOD

<u>Country</u>	<u>June 1979</u>	<u>September 1977</u>
U.S.A.	42.4	46.0
Netherlands	12.3	8.2
W. Germany	10.9	6.7
United Kingdom	10.3	7.9
Bahamas	4.9	3.3
Italy	4.0	7.1 (Caracao)
France	2.8	5.6
Holland		7.2 (Dutch Antilles)

Source: The Nigerian Trade Journal (April 1980):30

Oil Corporation under the name of African Petroleum (AP).

The accompanying tables reveal in detail the extent of American involvement in the Nigerian oil industry.

### The Agricultural Sector

#### The Character of Nigerian Agricultural Products in International Trade

Right from colonial times when foreign trade flourished in Nigeria import and export activities, agriculture provided the major stimulus for domestic economic growth in the country. When Nigeria became independent in 1960, about eleven major commodities were on the export list. At the top of the chart were agricultural products, namely: cocoa, ground nuts (peanuts), palm kernels, rubber and palm oil. These

TABLE 19

SOME U.S. ASSOCIATED COMPANIES IN THE  
NIGERIAN OIL INDUSTRY

Name of Company	Home Address in U.S.A.	Type of Companies in Nigeria
Magcobar (Subsidiary of Oilfield Industries Group Inc.)	117 Calco Blvd. P.O. Box 51499 Lafayette, LA 70501 Tel. (318) 233-1714	Complete drilling, mud services
Oceaneering International, Inc.	Hwy 90W Bayou Vista, LA	Deep sea diving, pipeline installation, oceanographic survey services, pipeline locating services
Drilling Tools Inc.	Broussard Hwy. Lafayette, LA 70518 Tel. (318) 234-5241	Oilfield tools- (rental and services), pipe straightening services.
Caterpillar	Morgan City, LA Tel. (504) 631-0561	Sales, service and parts of oil, marine and industrial goods
Gulfmarine Industries, Inc.	P.O. Box 51809 Lafayette, LA 70501	Sandblasting, industrial steamcleaning, offshore construction
Brown and Root, Inc.	P.O. Box 2348 Morgan City, LA 70380 Tel. (504) 631-2521	Oilfield services; inshore construction, rig location, clean-up dredging
Weatherly Engineering and Laboratories, Inc.	Houston, TX (713) 433-3003	Complete well testing, hydrocarbon laboratory analysis, offshore oil burner services
Baker Oil Tools, Inc.	Highway 90 East Drawer 638 Broussard, LA 70510	General oil tools, sales and services

TABLE 19 continued

Name of Company	Home Address in U.S.A.	Type of Companies in Nigeria
Cameron Offshore Services, Inc.	401 Dulles Blvd. Lafayette, LA 70501 Tel 981-2826	General offshore services
Otis Corporation	Bldg. 36, Oil Center Box 51801 Lafayette, LA 70501	Oil field engineering services
Schlumberger Offshore Services	Bldg. 37, Oil Center Box 51126 Gulf Coast, LA 70501	Offshore well services, mud services
Loffland Brothers Corp.	Box 2847 Tulsa, OK 74101 Tel: (918) 747-1361	Worldwide drilling services, inland and offshore self-contained platform rigs
Statco, Inc.	2650 West Main P.O. Box 763 Houma, LA Tel: (504) 876-5308	Internal pipe testing Hydraulic tubing tongs
Wood Services, Inc.	P.O. Box 52305 Lafayette, LA 70501 Tel: (318) 232-3865	Cementing, acidizing pump truck services
Penrod Drilling Company	3333 First National Bank Building Dallas, TX 75202 Tel. 651-0181	Land, inland waters and offshore drilling
Baroid Industries, Inc.	102 Jomela Street Box 51287 Lafayette, LA 70501 Tel. (318) 234-5258	Baroid treating chemicals, Baroid equipment rental and services, well logging services

Source: Lafayette Oil Directory, The Desk and Derrick Club of Lafayette, Louisiana 70501.

TABLE 20

AMERICAN AND ALLIED INVESTMENT IN MAJOR OIL COMPANIES  
OPERATING IN NIGERIA AND THEIR OUTPUT PER DAY

<u>Company</u>	<u>Barrels Per Day</u>
Shell-BP (British) Headquarters	1,250,783
Gulf (USA)	289,123
Mobil (USA)	221,930
Agip/Phillips (Italian/USA)	182,692
Elf (French)	75,532
Texaco (USA)	35,873
Ashland (USA)	11,471

Source: Terisa Turner, "Notes on the Nigerian Oil Industry," (Mimeo), 1975-76.

Note: Table shows list of major concessionaires and producing companies in Nigeria and the home countries. Figures also show their output per day for the 1975-76 trade period.

TABLE 21

SHELL-BP CORPORATION SHAREHOLDING BY PERCENTAGE

<u>Shareholders</u>	<u>Percentage of Shares</u>
United Kingdom	39%
United States	19%
Netherlands	18%
France	12%
Switzerland	10%
Others	2%

Source: E. T. Penrose, The Large International Firm in Developing Countries: The International Petroleum Industry (London: 1968), p. 103.

Note: Table illustrates the ownership of Shell-BP Development Corporation, the largest oil concessionaire in Nigeria. Contrary to belief that the company is owned by the United Kingdom, and the Netherlands, these figures reveal other parties and their shareholding. It therefore shows that with 19 percent shareholding in Shell-BP, along with

products accounted for 69.4 percent of total exports as well as over 50 percent of her labor force. By the 1970s, these agricultural commodities drastically declined in relative importance to foreign exchange earnings to about 24.5 percent when petroleum assumed the dominant export position. Cocoa was edged to second place, having a total percentage share of 2.2 percent, while petroleum exports accounted for about 96.1 percent of Nigerian total foreign exchange earnings. All of the major agricultural exports together accounted for only 2.4 percent. Similar fate befell commodities processed from agricultural produce; ground nut oil and cake were gradually dropped from the export list. Timber and plywood also gradually faded from the list as major export commodities.

Similarly, the exports of processed and semi-processed agricultural products such as cocoa butter, cocoa powder, ground nut cake also showed continued decline in relative importance from an aggregate share of 3.7 percent of total exports in 1971 to 0.3 percent in 1980. By 1980 the items exported had a total value of only \$39.0 million.

We have presented tables 22 and 23 depicting Nigeria's export position of major commodities from 1960 to 1970 and from 1970 to 1980, which helps explain this trade position.

In the same manner, Nigerian livestock include cattle, sheep, goat, poultry and pigs. Nigerian climatic and vegetational conditions provide for sufficient breeding of these livestock. Despite these advantages,

---

the wholly owned corporations exclude Gulf Oil Corporation, Texaco, Exxon SOCAL, etc., the United States has fewer concessions in the Nigerian oil industry than Britain.

TABLE 22  
NIGERIA'S EXPORTS OF MAJOR COMMODITIES (PERCENTAGE OF TOTAL EXPORT VALUE)

Commodity	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Cocoa	22.7	20.9	19.8	17.1	15.9	15.9	9.9	22.5	24.2	16.5	15.0
Groundnuts	13.8	20.0	19.2	19.4	18.7	14.2	14.4	14.7	18.0	11.1	4.9
Groundnut Oil	3.2	3.1	3.7	3.4	3.8	3.6	3.4	2.4	4.4	3.3	2.6
Groundnut Cake	-	1.2	1.5	1.4	2.2	2.0	1.7	1.7	2.3	1.6	1.2
Palm Kernel	15.8	12.3	10.0	11.0	9.8	9.9	7.9	3.2	4.8	3.1	2.5
Palm Oil	8.5	8.2	5.3	5.0	5.0	5.2	3.9	.6	.03	0.1	0.1
Cotton (Raw)	3.7	6.9	3.5	5.0	2.8	1.2	1.2	1.7	1.6	1.0	1.5
Rubber (Natural)	8.6	6.8	6.7	6.2	5.6	4.1	4.0	2.6	3.0	3.0	2.0
Hides and Skins	2.1	2.5	2.3	2.2	2.2	1.7	2.0	1.8	1.9	1.3	0.6
Timber (Logs and Sawn)	4.9	4.2	3.4	3.5	3.6	2.3	2.0	1.4	1.7	1.3	0.7
Petroleum (Crude)	2.7	7.2	10.2	10.7	14.9	25.4	32.4	29.9	17.5	41.2	57.6
Tin Metal	3.7	4.1	3.9	4.7	5.8	5.5	5.4	5.0	6.5	3.8	3.9
Total Major Commodities	98.7	93.7	89.5	89.6	90.3	90.9	88.1	87.3	86.1	87.5	92.6
Other Commodities	10.3	6.3	10.6	10.4	9.7	9.5	11.9	12.7	13.9	12.5	7.4
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Michael Obaban, "Prospects for Diversification of Nigeria's Export Trade," paper presented to the Nigerian Trade Journal, 1982.

TABLE 23  
NIGERIA'S EXPORTS OF MAJOR COMMODITIES (PERCENTAGE OF TOTAL EXPORT VALUE)

Commodity	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Major Agricultural Products	18.8	12.0	10.5	4.5	4.7	4.1	4.9	6.8	4.3	2.4
Cocoa	11.1	7.0	4.9	2.6	3.7	3.3	4.1	6.2	4.1	2.2
Cotton (Raw)	0.9	0.1	0.2	-	-	-	0.1	0.1	-	*
Groundnuts	1.9	1.3	2.0	0.1	-	-	*	-	-	-
Groundnuts Oil	1.0	0.8	1.0	0.2	*	-	-	-	-	-
Hides and Skins	0.4	0.5	0.5	0.2	0.2	0.1	0.1	0.1	-	*
Palm Oil	0.3	*	*	-	*	-	-	-	-	*
Palm Kernels	1.9	1.1	0.8	0.7	0.4	0.4	0.4	0.2	0.1	0.1
Rubber (Natural)	0.9	0.8	0.9	0.6	0.3	0.2	0.1	0.2	0.1	0.1
Timber (Log and Sawn)	0.4	0.6	0.1	0.2	0.1	*	*	*	*	*
Coffee	-	0.1	0.1	*	*	0.1	0.1	-	-	-
Mineral Products	73.8	82.1	83.2	92.4	92.7	93.7	92.8	89.1	93.8	96.1
Columbite	0.1	0.1	0.1	0.1	*	-	0.1	-	-	-
Petroleum	73.7	8.2	83.1	92.3	92.7	93.7	92.7	89.1	93.8	96.1
Others	-	-	-	-	*	*	*	-	-	-
Manufactures & Semi Mnfts.	3.7	2.5	2.8	1.1	1.1	0.9	1.1	0.7	0.4	0.3
Agriculture	1.4	1.2	1.7	0.5	0.5	0.4	0.8	0.5	0.3	0.2
Cocoa Butter	0.6	0.7	0.7	0.3	0.4	0.2	0.5	0.2	0.2	0.14
Cocoa Powder	0.1	-	*	*	0.1	0.1	0.2	0.1	0.1	0.03
Cocoa Cake	0.2	0.1	0.2	0.1	*	-	0.1	0.2	-	*
Groundnut Cake	0.5	0.4	0.8	0.1	*	0.1	*	-	-	-
Tin Metal	1.9	1.3	0.7	0.4	0.4	0.2	0.2	0.2	0.1	0.1
Others	0.4	*	0.4	0.2	0.2	0.3	0.1	*	*	*
Other Exports	2.8	2.5	3.1	1.7	1.4	1.3	1.1	3.2	1.3	1.1
Total Domestic Exports	99.1	99.1	99.6	99.8	99.9	99.9	99.9	99.8	99.8	99.8
Re-Exports	0.9	0.9	0.4	0.2	0.1	0.1	0.1	0.2	0.2	0.2
Total Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Michael Obadan, "Prospects for Diversification of Nigeria's Export Trade," paper presented to the Nigeria Trade Journal, 1982.

... only about 15% of the country's protein diet need was being supplied from domestic sources in 1974, with about \$97.1 million annual import of meat. The status of fishery development also reveal a tale of woe, with an annual demand of about one million metric tons in 1970, of which the domestic supply was 170,500 metric tons, while imported stockfish was 50 000 tons, leaving an unsatisfied demand of roughly 73%.<sup>108</sup>

Thus, when one considers these facts, he aptly concludes that the national agricultural situation reveals a stark reality of Nigeria's food and nutrition problems. Food requirements have increased faster than production. The domestic deficits in food supply have resulted in high and rising food prices, massive food importation with unwarranted adverse effect on the foreign exchange reserves of the country as well as unprecedented deterioration in the nutritional status of a vast majority of the Nigerian population. We have attached tables 24 and 25 to explain the food deficit and surplus situation as well as her food import position.

Many reasons have been advanced as to the poor performance of the Nigerian agricultural sector. Some of the reasons include inadequate funding of agriculture<sup>109</sup> in public sector programs,<sup>110</sup> technological stagnation,<sup>111</sup> lack of appropriate economic incentives to encourage farmers to increase marketable surplus, slow development of

---

<sup>108</sup> Michael Obadan, "Prospects for Diversification in Nigerian Export Trade." Unpublished paper presented to the Nigerian Trade Journal (1982):7

<sup>109</sup> S.O. Olayide, "The Food Problem: Tractable or the Mere Chase of the Mirage." Unpublished (Inaugural Lecture, University of Ibadan, 1974).

<sup>110</sup> Q.B.O. Antonio, "The Stagnant Sector of the Nigerian Economy," Bulletin of Rural Economics and Sociology, vol. 11:324-39.

<sup>111</sup> IBRD, "Options for Long-Term Development of Nigeria," Washington, D.C.



TABLE 24

NIGERIA: ESTIMATED FOOD DEFICITS AND SURPLUS  
THOUSANDS FOR SELECTED PERIODS

Commodity	1975	1980	1985
Maize	-170.890	-299.978	-524.499
Millet	-552.626	-1,050.674	-1,789.904
Sorghum	-1,018.412	-1,912.695	-3,184.886
Rice	+199.255	+383.026	+821.942
Wheat	-143.152	-190.720	-273.354
Yams	-2,402.988	-4,260.937	-6,716.327
Cassava	-995.720	-1,716.889	-2,908.528
Potatoes (Sweet)	-20.988	-31.024	-52.582
Potatoes (Irish)	-2.812	-4.201	-6.555
Cocoyams	-34.592	-97.626	-206.293
Plantains	-165.570	-286.496	-288.588
Ground Nuts	+52.333	+3.448	+64.240
Cow Peas	+6.979	+59.921	+106.087
Soyabeans	+16.237	+25.931	+37.699

Source: Federal Ministry of Statistics, Agricultural Division,  
(Lagos; Nigeria: 1985).

Note: Table shows the estimated food position of Nigeria for  
selected years.

TABLE 25  
NIGERIAN FOOD IMPORTS IN RELATION TO  
ALL IMPORTS, 1970-1977

Year	Food Imports N Million	Total Imports N Million	Food Imports As % of Total Imports
1970	57.694	752.580	7.67
1971	87.910	1,075.066	8.18
1972	95.104	986.224	9.64
1973	126.260	1,220.946	10.34
1974	155.708	1,737.326	8.96
1975	297.863	3,717.380	8.01
1976	438.927	5,132.512	8.55
1977	736.420	7,093.694	10.38

Source: Federal Ministry of Statistics: Lagos, Nigeria;  
various copies.

Note: Table illustrates the volume and percentage of food  
import in relation to total imports for the 1970-1977 period.

rural institutions,<sup>112</sup> and lack of a comprehensive food policy in previous national development plans.<sup>113</sup> Similarly, in his study, Mike Obadan attributes the rapid population growth in Nigeria as well as the rapid advances in domestic manufacturing as another reason. Obadan argues that Nigerian materials are now being used by the local processing plants.

Nigerian Agriculture: Structure  
and Directions of Trade

The general agricultural stagnation since the political imbroglio in 1965 generated acute food shortage and inflation which started in 1974, the high rate of inflation, with retail food prices jumped from 164.4 in 1970 to 591.5 in 1977. This was as a result of many factors. The oil boom, and its associated demand for unskilled and semi-skilled labor, the 1973 drought which hit the majority of the northern states, government decision to urbanize the country which drew many people from the rural to the urban cities as well as excessive importation of foreign-made consumer goods. All these were manifested in aggravating the food crisis in Nigeria. It particularly became a sinister phenomenon for one to notice that Nigeria which had been a predominant agricultural country with arable land and a huge unemployed labor force, had to import food from all over the world to supplement her fast declining agricultural output.

---

<sup>112</sup>G.A. Osuntogun, "Cooperatives and Agricultural Development in Nigeria." (Mimeo.)

<sup>113</sup>F.A. Idachaba, "Colonial, Neocolonial Macroeconomic Planning and the Neglect of Food Policy in Africa: The Nigerian Experience." (Unpublished mimeo, Department of Agricultural Economics, University of Ibadan.)

Colonial history, more than anything else, explains the direction Nigeria's agricultural trade. Western Europe has been the dominant market for Nigeria's agricultural exports accounting for import between 66 percent and 78 percent from 1971-1981. The major individual country markets are: Netherlands, Germany, France, Italy, and the United Kingdom, which is the greatest importer of Nigeria's agricultural produce. The United States' share of Nigeria's agricultural exports is minimal but stable--about 11 percent. This is represented in table 26 on the direction of oil and non-oil exports for the 1971-80 trade period.

#### The Role of Government in Agricultural Trade Between the U.S. and Nigeria

Consequent upon the general agricultural stagnation confronting Nigeria highlighted above, the respective Nigerian governments were drawn into having interest in agricultural activities. Five main reformist solutions have been launched in each occasion. These include the introduction of farm settlements, capitalist co-operatives, agricultural incentive schemes,<sup>114</sup> the Land Use Decree, the Operation Feed the Nation Scheme, and currently, large-scale mechanized farming typified by the Green Revolution Scheme.<sup>115</sup>

Farm settlement schemes date back to 1960 and were among the innovations of the Abubakar Tafawa Balewa government to revive

---

<sup>114</sup>First National Development Plan, 1962-68 (Lagos: Federal Ministry of Information, 1962).

<sup>115</sup>Third National Development Plan 1975-80 (Lagos: Central Planning Office, Federal Ministry of Economic Development, 1975; Land Use Decree No. 6, Government Printers, 1978).

TABLE 26

DIRECTION OF OIL AND NON-OIL EXPORTS, 1971-80  
% OF TOTAL

Country/Region	Oil Export			Non-Oil Export		
	1971	1975	1980	1971	1975	1980
Africa	1.8	1.9	2.8	3.4	3.5	3.4
West Africa	1.8	1.9	2.8	3.4	1.7	3.4
North Africa	-	-	-	0.1	0.2	-
Other	-	-	-	0.2	1.9	-
Asia	1.0	3.5	0.4	4.2	5.8	1.5
America	29.0	45.8	59.5	12.2	13.2	12.7
Canada	1.9	0.7	-	1.2	0.2	-
USA	20.0	30.3	44.3	11.2	12.4	11.7
Others	71.0	14.8	15.2	-	0.6	1.0
Eastern Europe	-	-	-	13.2	21.8	3.8
Western Europe	68.2	48.8	37.3	66.6	54.3	78.4
Belgium/Luxemburg	0.3	0.8	0.3	1.1	1.2	1.3
Netherlands	13.3	22.8	12.1	14.6	10.2	17.6
Germany	4.5	6.7	6.6	8.2	7.6	17.0
France	18.6	11.7	11.2	3.9	0.9	7.3
Italy	4.2	1.0	2.8	2.8	3.2	3.6
Norway	1.6	0.9	1.1	-	-	-
Sweden	1.8	1.3	0.9	0.4	0.5	0.2
Denmark	2.1	1.2	0.2	0.9	0.3	0.5
Austria	-	0.2	-	0.3	-	-
Ireland	-	-	-	0.3	1.0	0.2
Spain	3.4	0.1	0.5	0.9	0.4	1.6
U.K.	18.4	13.0	1.4	30.6	28.4	18.8
Greece	-	-	-	-	0.5	-
Other	-	-	-	0.8	0.2	0.3

Source: Central Bank of Nigeria, Economic and Financial Review, (Lagos: 1981)

Note: Table shows the direction of Nigerian trade in both oil and non-oil exports.

agriculture in Nigerian development objectives. The schemes were designed as training and demonstration centers for young school leavers who were supposed to graduate after two to three years and then become small-scale farmers or extension workers. It was thought that graduates of these schemes would eventually become large-scale farmers.

This strategy failed by the early 1970s because the innovations being taught called for inputs such as fertilizers, plowers, tractor equipments and large financial capital which were not available to the rural farmers. The strategy was thus considered to be elitist by the rural farmers and their supporters since the strategies were in conflict with the approach to farming in the rural localities. Contrary to government beliefs, the Nigerian urban elites who are businessmen, teachers, and top government officials are the few Nigerians able to attract large government agricultural loans and incentives. Invariably, they fail to invest the loans and incentive program into the agricultural sector. Alhaj Balarabe Musa, the former Governor of Kaduna State, in direct contradiction of the Federal Ministry of Agriculture voiced his support for rural peasant farmers when he stated that the government projects:

... merely serve a handful of large-scale farmers who are basically urban dwellers but who have taken most of the benefits at the expense of the small peasant farmers in the villages.<sup>116</sup>

---

<sup>116</sup>Michael Watts and Paul Lubeck, "The Popular Classes and the Oil Boom: A Political Economy of Rural and Urban Poverty," The Political Economy of Nigeria (New York: Praeger, 1983), p. 130.

The inappropriateness of the strategy was also voiced out at the Lagos Plan of Action, and the World Bank, when the conference noted that:

African agriculture is still predominantly in peasant hands and any plan to develop African agriculture must address itself to the peasant question. The peasant question being the fact that poverty and agricultural activities are largely a rural phenomenon.<sup>117</sup>

Another government effort to boost agriculture in Nigeria was capitalist co-operative schemes. This conception was based on the establishment of rural institutions which included farmers cooperative societies. These farmers co-operative societies were supposed to develop co-operative type farming by each participating farmer bringing their plots of land together, buying or renting tractors and practicing tractor services in a mechanized form. They were also to institute joint marketing of agricultural products as well as securing public loans for member farmers. Just like the former, this rural based strategy failed because of the competing brighter attractions of the urban white collar jobs. It became worse in the mid-1970s when oil revenues turned the minds of rural dwellers to looking for jobs with the oil companies.<sup>118</sup>

By 1978 another agricultural reform had been instituted. This was the Land Use Decree No. 6 of 1978. This decree was aimed at relaxing the land constraints and also costly land litigation arising

---

<sup>117</sup>Thandika Mkandawire, "The Lagos Plan of Action (LPA) and The World Bank on Food and Agriculture in Africa: A Comparison" (Dakar, Senegal: CODESRIA), p. 173.

<sup>118</sup>Michael Watts and Robert Shenton, "State and Agrarian Transformation in Nigeria," The Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984), p. 192.

from mixed land tenure most common in the southern states of Nigeria. The Land Use Decree vested all land in the government, made distinction between urban and rural land with the government imposing on itself the power to allocate land freely for agricultural purposes.

Nevertheless, the Land Use Decree was a prelude to the Operation Feed the Nation (OFN) also instituted by the Obasanjo Regime in 1978 and the Green Revolution of Shehu Shagari (1979-1983). Under the latter, a large-scale mechanized mixed farming was being encouraged. National agencies such as the National Grains Board and the National Livestock Company were set up to laise, and operate joint venture farms between federal and state governments as well as with foreign partners.

It was due to the desire to successfully implement these programs that Nigeria got actively involved in agricultural discussions with the United States.

The Nigerian government thus engaged in large financial allocations to large-scale irrigation, importation of fertilizers, building of fertilizer plants and storage facilities, importation of agricultural equipment, as well as massive acquisition of agricultural technologies. This is reflected in our table 27 below.

On a short-term basis, massive food import was embarked upon. Incidentally, Nigeria also found the United States a source for ready-made and prepacked food items for Nigerian market. The food import from the United States became so pervasive that Robert Shenton asserted that "... through the massive importation of food,



TABLE 27

NIGERIAN EXPENDITURE ON AGRICULTURE, BY  
MAJOR EXPENDITURE CATEGORY

Item	1977-78 Estimate (Recurrent & Capital)			3rd Plan, 1975-80 (Capital Expenditure)		
	Federal	States	Total N Million	%	Total	%
Extension Service & Import Supply	34	89.1	123.1	(16.0)	305.6	(10.0)
Fertilizer Purchases		43.0	43.0	(5.6)	313.3	(10.2)
Mechanization	0.9	33.7	34.6	(4.5)	71.5	(2.3)
Direct Production Schemes	11.1	47.2	58.3	(7.6)	432.6	(14.1)
Seed Multiplication	2.8	18.9	21.7	(2.8)	62.9	(2.1)
Credit	16.0	11.2	27.2	(3.5)	194.9	(6.4)
Irrigation	182.4	45.2	227.6	(30.0)	701.5	(22.9)
Training	1.2	15.9	17.1	(2.2)	47.3	(1.5)
Marketing & Storage	15.4	15.5	30.9	(4.0)	73.1	(2.4)
Miscellaneous	5.1	13.7	18.8	(2.4)	132.8	(4.3)
Total Crops	268.9	333.3	602.3	(78.8)	2335.8	(76.4)
Livestock	20.3	77.4	97.7	(12.7)	487.7	(15.9)
Forestry	7.6	35.1	42.7	(5.5)	135.7	(4.4)
Fisheries	8.5	15.2	23.7	(3.1)	99.4	(3.3)
Total Agriculture	305.3	461.1	766.4	(100.0)	3058.3	(100.0)
Less Federal Grants to State			12.6			
Net Total			753.8			

Source: The Green Revolution, vol. 2 (Lagos: Federal Ministry of Agriculture.

Note: Table illustrates the investment in the Nigerian agriculture by categories between the federal and state governments, respectively. Amounts are in million Naira.

underpriced North American rice and wheat imports have further undercut domestic production."<sup>119</sup>

To further expand the United States participation in the Nigerian agricultural sector,

In July 1980, the United States and Nigeria signed a memorandum encouraging American agribusiness, in conjunction with the United States Department of Agriculture to increase investment in Nigerian agriculture. The memorandum provides for the opening of Nigerian trade and investment centers in the United States and development of a United States Department of Agriculture Trade Office in Lagos and the Creation of an international working group to design and implement specific agricultural projects in Nigeria. The United States' members of the committee represented giant farm equipment manufacturers, financial concerns and agribusinesses such as the Ford Motor Corporation, Allis-Chalmers Corporation, Pfizer Corporation, Occidental Petroleum (fertilizer, pesticides and seed producers), and Carnation Corporation (food processing and canning companies) as well as The First National Bank of Chicago and the Chase Manhattan Bank (financial institutions).<sup>120</sup>

While Nigeria sought the expertise of the United States to develop its agricultural shortcomings, the United States interest was to use Nigeria's agricultural problems as an avenue of abridging the deficit position with Nigeria. United States position is best illustrated by Stephen Wright, who pointed out in his analysis that:

In 1977 the US had \$1500 million invested in Nigeria, mostly in oil. Imports of oil stood at around one-eighth of total American imported oil and with doubts always hanging over the Middle East supplies, Nigeria was a very important supplier. Nigeria was also the country with which the largest trade debt existed, and so the US helped to push

---

<sup>119</sup> Michael Watts and Robert Shenton, The Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984), p. 192.

<sup>120</sup> Ibid., p. 196.

for greater exports there particularly in agricultural machinery.<sup>121</sup>

This trade policy was vigorously pursued up to 1979 when

After several meetings of experts from the two countries, Andrew Young flew to Lagos in September 1979 as the head of a twenty-four member commercial delegation which included the Chairman of the Export-Import Bank and his counterpart from the Overseas Private Investment Corporation. One year later, important cooperation agreements were signed which were designed to associate the U.S. administration and private companies with the implementation of the "green revolution" now an urgent necessity for Nigeria. According to various studies, a continuation for the next decade of Nigeria's slow 1 percent growth rate in agriculture would compel it to import 40 percent of its food requirements by 1990.<sup>122</sup>

Therefore, although Nigerian drive for a state-of-the-art agricultural development has facilitated greater involvement of the United States in the agribusiness and policies,

Agricultural products also make up the largest percentage of U.S. exports to Nigeria with wheat exports alone accounting for over 40% of total U.S. exports to Nigeria in 1984. Licensing of corn imports which ceased in 1983 began again in 1984, helping U.S. exports of this commodity.<sup>123</sup>

### Commerce and Industry

The predominance of the Western market in Nigerian international trade reflects her colonial status as a former British colony. However, the dominance of the United States as Nigerian leading trading

---

<sup>121</sup>Stephen Wright, "Nigerian Foreign Policy: A Case of Dominance or Dependency?" Nigerian Foreign Policy Alternative Perceptions and Projections (New York: St. Martin's Press, 1983), p. 112.

<sup>122</sup>Daniel C. Bach, "Nigerian-American Relations: Converging Interests and Power Relations," Nigerian Foreign Policy Alternative Perceptions and Projections (New York: St. Martin's Press, 1983), p. 112.

<sup>123</sup>U.S. Chamber of Commerce, Overseas Market Report, 1984, p. 5.

partner is recent and largely due to the U.S. huge purchase of Nigerian oil in the post 1970 period.

A direct Nigerian trade relation with the United States became evident soon after she got out of colonialism in 1960, when the Nigerian government realized the political and economic importance of the United States. Nigeria's establishment of trade with the United States in her early years of independence was not done without caution. Many Nigerians who were familiar with United States activities in South America felt the United States could not be trusted. The basis of such distrust was confirmed when a Nigerian Economic Mission to the United States in 1962 discovered that American aid was tied to the purchase of American-made goods, which in the Nigerian view, meant that they could not buy whatever they wanted from the cheapest markets. This is reflected in the following table (table 36) which shows that Nigeria essentially had more trade with the Western European countries than the United States in her early years of independence.

However, there was a dramatic turn in the post 1966 era. This was attributed to the domestic policies of the Nigerian government. The military leaders created a twelve-state structure out of the original four regional structure. Nonetheless, this policy of creating additional states did not pay in high volume of trade until 1970. Another factor which brought about interest in commercial activities with the United States was the end of the Nigerian Civil War in 1970.

The war being over, the Gowon administration pledged to reconcile, rehabilitate and reconstruct the war damaged areas. This meant that roads, bridges, houses, clothing, etc. had to be provided. It

TABLE 28

THE DOMINANCE OF WESTERN EUROPE  
IN NIGERIAN TRADE BY 1966

	<u>1966</u>	<u>1974</u>
Western Europe		
Imports	328.8	1,119.1
Exports	442.8	3,056.2
United States		
Imports	83.0	213.2
Exports	44.6	1,589.9
Eastern Europe		
Imports	11.6	47.9
Exports	6.6	77.4
China		
Imports	10.0	30.4
Exports	-	3.6

Source: United Nations, African Statistical Yearbook, 1975.

Note: Table compares Nigeria's trade position with Western Europe and the United States for two periods, and reveals an improvement on the trading relations between Nigeria and the United States, especially on the export category.

also became clear that the headquarters of the newly created states had to be upgraded from their traditional settings to more contemporary urban cities. The modernization programs also called for additional universities, colleges of education, polytechnics and colleges of technology, hospitals and health care facilities.

Backed by a 3.192 billion Naira budget from the 1970-74 Second National Development Plan, Nigeria was set to import construction and building materials, machineries and equipments, technology, textiles,

and other necessary needs, both for desiring Nigerians and for expatriates employed to work in Nigeria.

Within this period, Nigeria maintained a very high upward movement of imports of goods and services from the United States, all directed towards facilitating the development pace being set by General Yakubu Gowon. Given these circumstances, considerable competition developed in the international business community among multinational corporations as well as businesses wishing to have a share of the Nigerian business opportunities. The Americans were not left out in this scramble for the Nigerian business. Through a series of bilateral trade missions, individual business contacts, as well as through diplomatic processes, the commerce and industry position between Nigeria and the United States was expanded. The American Embassy in Lagos provided much of the studies for American businesses who became well informed about doing business in Nigeria. This knowledge helped their penetration of the Nigerian market. For instance, George Griffin, the U.S. Commerce Department representative in Nigeria listed:

- Plantation agriculture and agri-based industries;
- Building materials industries;
- Scientific instrument;
- Engineering and transport industries;
- Household equipment and furniture;
- Hotels and tourism<sup>124</sup>

as Nigeria's main needs.

As an illustration of the high importation done by Nigeria, we have attached table 29 which depicts the total amount of money spent

---

<sup>124</sup>Nicholas Taylor, "Is Nigeria Really a Goldmine for Atlanta Business?" Business Atlanta (June 1983).

TABLE 29

## NIGERIAN IMPORTS FOR THE 1974-79 TRADING PERIOD

Principal Imports (N Million)	1974	1975	1976	1977	1978	1979
Food and Live Animals	155.2	232.0	441.8	790.3	1108.6	669.0
Drink and Tobacco	9.1	19.6	63.7	146.8	57.7	5.0
Crude Materials	63.4	67.0	79.3	70.7	113.6	92.5
Minerals Fields, etc.	50.9	92.0	181.2	136.8	181.2	111.6
Oils and Fats	3.6	6.8	24.7	46.8	81.8	60.2
Manufactured Goods	512.1	888.0	1135.7	3581.9	1970.2	973.6
Machinery and Transport Equipment	608.3	1306.0	2447.4	3528.8	3759.4	1720.6
Miscellaneous Manufactures	113.4	208.0	351.4	516.8	668.2	197.8
Chemicals	118.7	184.0	398.4	464.9	680.4	392.0
Others	10.7	8.2	8.5	13.0	13.8	12.0
Total NM	1715.0	3717.0	5140.0	7100.0	6524.0	4264.0

Source: Jonathan Barker (ed.), The Politics of Agriculture in Tropical Africa (London: Sage Publications, 1984), p. 190.

Note: Table represents value of major import by category of commercial merchandise for the 1974-1979 trade period. Figures are represented in the Nigerian Nairain millions.

on selected commodities for the 1974-79 year period. Our listing of American firms and affiliates (see page 87) will represent the level of participation of American business in Nigeria.

#### U.S-Nigeria Commerce Position, 1979-1984

The decline of Nigerian total imports is also reflected in the 1979 column of our table presented above (table 29). The period between 1979 and 1984 saw an unpalatable experience in Nigerian commerce position. In the 1970s, Nigeria emphasized on the sale of oil as the major commodity for her foreign exchange earnings with the United States being the major buyer. The dramatic fall in export earnings of oil and the heavy debt service payments set in motion a reduction in the overall commercial activities of Nigerians.

By 1981 Ronald Reagan was ushered in as the President of the United States. His economic policies sought to balance the United States budget and deficit position with trading partners, and thus became detrimental to the overall economic position of Nigeria. These economic policies were summarized by Floyd Hayes III, who noted that:

In a nutshell the tenets of Reagan's new federalism have been to:

1. Reduce the size of the federal government by cutting deficit spending, balancing the budget, constricting government employment and terminating numerous social programs;
2. Provide tax breaks for big business to stimulate investment;
3. Retard the growth of money and credit in order to stabilize the American dollar;



#### 4. Increase military expenditure.<sup>125</sup>

These policies were also extended to the African scene. According to Vice President George Bush:

The present state of the global economy is not of Africa's making. In the world economic system, the United States has a special responsibility not only to put its own house in order but to help rekindle growth in other lands. We are deeply committed to that task, and to achieve it the American people are making real sacrifices. We are confident that when we are successful Africa will benefit quickly and significantly.<sup>126</sup>

Consequently, as our table on Nigeria's balance of trade with the United States 1965-1984 (page 10) illustrates, the Nigerian balance of trade which recorded a peak of +3935.1 in 1979, declined to +2082.0 by the end of 1981. It was further reduced to +1872.0 in 1982, +1030.7 in 1983, and down to +645.5 by 1984.

And unlike the position in the previous three years, the merchandise account was in deficit by ₦342.6 million, mainly because exports decline by 25.6% from ₦14,077 million in 1980 to ₦10,470 million in 1981. Also in 1981 the items that constituted huge foreign exchange drains in the services account include shipping services, travel expenditures, management, technical and consultancy charges, investment income, Nigeria National Petroleum Corporation (NNPC) joint venture expenses and non-merchandise insurance. Further problems obtaining overseas lines of credit and Nigeria's own austerity program caused the imports to fall from ₦13.0 billion in 1983 to ₦10.2 billion in 1984, a drop of 22%. The United States experienced a 33% decline in exports to Nigeria which was one of the largest falls with total U.S. exports dropping to \$575 million.<sup>127</sup>

---

<sup>125</sup>Floyd W. Hayes III, "Reagan and Reaganomics, Policy Choices in Changing Society" (Unpublished paper presented at the National Conference of Black Political Scientists, Houston, Texas 1982).

<sup>126</sup>Vice President George Bush, "A New Partnership with Africa," Current Policy No. 438 (Washington, D.C.: U.S. Department of State, Bureau of Public Affairs, November 19, 1982), p. 3.

<sup>127</sup>Michael I. Obadan, "Factors Affecting Nigeria's Balance of Payments" (Unpublished paper presented at the Seminar on Balance of Payments, Policies and Strategies for Nigeria (Lagos: March 1982), p. 9.

Since 1983, most U.S. exporters and export credit agencies have not extended cover to projects in Nigeria on items being shipped to Nigeria except on a highly selective basis. Adding to these problems was the reluctance of many commercial banks to increase their exposure in Nigeria which has made it very difficult to attract financing for Nigerian imports.

The ongoing problem in the trade relations with Nigeria has caused the American Embassy in Nigeria to:

... recommend that exporters, especially those who have not had experience in exporting to Nigeria should not ship until they receive an irrevocable letter of credit confirmed by a U.S. bank.<sup>128</sup>

#### Tourism and Travels as an Aspect of U.S.-Nigeria Trade Relations

International trade has been a major source of government revenue through import and export duties, marketing board surpluses, multiple exchange rate practices, corporate taxes, royalty and rental payments. Imports account for an equally large share of aggregate national expenditures while other areas such as tourism are neglected by both Nigeria and the United States. In this part of our analysis, we will examine tourism as an aspect of trade in U.S.-Nigeria relations.

We need to state here that international tourism is a big economic activity and one of the fastest growing sectors in the world economy. As an item which occupies a prominent place in the balance of payments of many countries such as Britain, Kenya, Egypt, France,

---

<sup>128</sup>U.S. Department of Commerce, "Nigerian Business Outlook," 1984, p. 8.

Jamaica and Mexico, the volume of travels between nations serves as a source of analyzing the pattern of relations they have. This role of tourism in global peace and trade advancement is well respected by the United Nations whose General Assembly declared 1967 International Tourist Year, with the maxim "Tourism, Passport to Peace."

In 1963, a United Nations Conference on Travel and Tourism was held in Rome, Italy. It was here that the concept of tourist was first defined. According to the Conference:

An international tourist is a non-resident visitor to a country other than that in which he has his usual place of residence, for any reason other than the following - an occupation - remunerated from within the country such visits of less than one year duration for purposes of business, medical care, holiday, religious observance, family affairs, participation in international conferences, meetings or study tours.<sup>129</sup>

According to the Federal Ministry of Trades illustration, "expenditures abroad by Nigerian travellers have been consistently significant and high relative to similar trade in Nigeria." Reasons accounting for this range from the lack of organization of the Nigerian Tourist Industry, to the neo-colonial status of Nigeria which makes her always look at what happens to the United States and Western Europe as the best.

Nevertheless, detailed information and data about Nigeria's tourist position are not available, talk less of the tourist position with the United States. Vital aspects of tourism information such as numbers of tourists to Nigeria, types of tourists, time of arrival and

---

<sup>129</sup>Michael I. Obadan, "The Role of International Tourism in the Economic Development of Nigeria," Nigerian Trade Journal, vol. 29, no. 1 (1982):2.

departure, expenditure pattern, length of stay and kinds of accommodation as well as other vital statistics are not recorded. However, the United Nations account shows that there has been a progressive growth of tourist arrivals to Nigeria. The United Nations also maintains that "the main source of tourists to Nigeria are the United Kingdom and the United States which account for about 40% and 14%, respectively."<sup>130</sup> Conversely, these countries receive by far large receipts from Nigeria in terms of tourist travels, education and business trips.

We have presented table 30 (Per Capita Tourist Expenditure in Nigeria(1961-75) to illustrate the trend of tourist expenditures in Nigeria.

### Distributive Sector

In the distributive sector, America has not been found to have any significant impact, although this sector was the first to be assaulted by foreign multinational corporations. British multinational corporations, especially those who accompanied colonialism to Nigeria, seem to have overwhelming control. They dominate the import trade in cars, trucks, electrical appliances, textile and various consumer goods as well as plants and equipment. Most prominent in this sector are the United African Trading Company, John Holt, Union Trading Company (UTC), CFAO, R. T. Briscoe and A. G. Leventis. These holding companies control wholesale distribution of commodities through a network of subsidiaries

---

<sup>130</sup>Michael I. Obadan, "An Econometric Analysis of Nigeria's Foreign Travel Spending 1960-73." (Unpublished, 1977).

TABLE 30

PER CAPITA TOURIST EXPENDITURE IN NIGERIA  
1961-1975

Year	Number of International Tourist Arrivals (1)	Total Tourist Expenditure (2) N Million	Per Capita Expenditure 2/1 (3) N
1961	4,130	4.8	1,162
1962	6,120	5.0	817
1963	12,158	6.6	543
1964	18,197	2.6	143
1965	22,088	3.2	149
1966	16,878	3.0	178
1967	21,800	2.6	119
1968	23,400	2.0	86
1969	13,800	2.0	145
1970	13,094	4.6	351
1971	20,491	5.4	263
1972	47,403	6.6	134
1973	52,000	7.6	146.2
1974	55,000	8.0	145.2
1975	60,000	18.4	306.7

Source: Michael Obadan, "The Role of International Tourism in the Economic Development of Nigeria," Nigeria Trade Journal, vol. 29, no. 1 (1982).

Notes: A careful study of the figures in our table reveal a sharp decline on the number of international tourist arrivals to Nigeria between 1966 and 1970. The reason accounting for this drop is attributed to the Nigerian Civil War 1966-1970

The table also reveals dramatic increases in the tourist expenditures beginning in 1970, with ₦4.6 million 1970 to ₦18.4 million in 1975.

and warehouses all over Nigeria. They have also been able to consolidate the domestic distribution of the products of many local manufacturing subsidiaries and affiliates such as the Nigerian Tobacco Company (NTC), Nigerian cement companies, breweries and textile factories into their operations. Of these companies, UAC, Lonrho and Unilever activities cut across various sectors of the Nigerian economy. We have attached tables 31 and 32 as reflections of some of their subsidiaries and their areas of interest.

### Financial Sector

The United States supplies much of Nigerian needed finances because, for the past one decade, she has been Nigeria's most reliable and stable partner in the oil trade which is Nigeria's main source of financial capital.

The United States position in other areas of finance such as banking and insurance, is still at introductory stages. British banks and insurance firms dominate the Nigerian financial industry, with the numerous indigenous state-owned banks that have proliferated in recent years. Major European-owned banks dominating the Nigerian economy are the Standard Bank, Barclay's Bank and the United Bank for Africa (UBA), a subsidiary of Banque Nationale de Paris, the Citicorp Bank, Chase

---

These years were those of Nigerian oil boom and the Second National Development Plan period which featured massive developmental expenditures.

In light of these circumstances, it becomes a safe argument to state that the earnings from Nigerian tourism more reflect the American interest in the commercial and industrial opportunities of Nigeria than its attraction as a tourist center.

TABLE 31

UNITED AFRICAN COMPANY (NIG.) LTD.: UNILEVER  
SUBSIDIARIES AND ASSOCIATES IN NIGERIA AND  
THEIR BUSINESS ACTIVITIES

Name of Company	Year of Incorporation	Type of Business
African Timber and Plywood (Nig.) Ltd.	1952	Felling, woodwork, local and international wood sales
Niger Motors Ltd.	1931	Automobile sales and services
G. Gottshark and Co (W.A.) Ltd.	1937	Building materials
G.B. Ollivant (Nig.) Ltd.	1954	Retail and wholesale merchandise
Kingsway Stores (Nig.) Ltd.	1959	Retail and wholesale merchandise
A.J. Seward (Nig.) Ltd.	1961	Manufacturing and sales of cosmetics and allied products
Borkpark Ltd.	1962	Industrial packaging
Kingsway Chemist (Nig.) Ltd.	1962	Pharmaceutical industries (mixing and sales)
Premier Packaging Ltd.	1965	Industrial packaging
Guinness (Nig.) Ltd.	-	Brewing and sales of beer
Lever Brothers (Nig.) Ltd.	-	Manufacturing, processing and marketing of assorted household items, detergents, margarines, etc.
Lipton of (Nig.) Ltd.	-	Tea production
Nigerian Brennerice	-	Beer brewing and sales

TABLE 31 continued

Name of Company	Year of Incorporation	Type of Business
Manufacturers, deliverers, services (MDS)		Wholesale distribution of assorted merchandise, plant, and machinery across Nigeria

Source: Elimimian Johathan, Multinational Retailing in Nigeria (Ann Arbor: University Microfilms International, 1985), p. 132.

TABLE 32

## LONRHO LTD.: SUBSIDIARIES AND ASSOCIATES IN NIGERIA

1. John Holt Properties (Nig.) Ltd.
2. John Hold Ltd.
3. J. Allen and Company Ltd.
4. Holt Engineering Ltd.
5. Haco Ltd.
6. Hacı Plastics Ltd.
7. John Holt Shipping Services Ltd.
8. West African Shipping Services Ltd.
9. Holt Transport
10. Maiduguri Oil Mills Ltd.
11. Nigerian Securities Ltd.
12. Nigerian Enamelware Company Ltd.
13. Kaduna Textile Mills Ltd
14. Nigerian Net and Trust Company Ltd.

Source: Jonathan Elimimian, Multinational Retailing in Nigeria (Ann Arbor: University Microfilms International, 1985), p. 132.



Manhattan Bank and the Nigerian American Merchant Bank Limited; American banks have representative offices in Nigeria.

Michael Simmons and 'Ad' Obe Obe, in their account, illustrated that:

... these banks contribute more to exploiting Nigeria and using the money to finance major businesses in their countries than they lend to Nigerians. They institute a considerable number of stringent guidelines on their lending parameters which, combined with rapid expansion, has led Nigerians to complain about the usefulness of these foreign banks in Nigeria.<sup>131</sup>

According to the authors,

... guidelines on lending are set at an overall annual growth ceiling of 30%-40% for merchant banks. In the same manner, stringent standards are set which disqualifies Nigerians from being able to qualify for bank loans.<sup>132</sup>

We have presented table 33 which depicts the levels of deposit and loans of Nigerian commercial banks as of December 31, 1975.

Since independence, Nigerian citizens lack opportunities to acquire bank loans to start or expand their businesses, foreigners dominate the capital intensive industries such as construction, manufacturing and areas such as catering, entertainment enterprises, and assembly plants. America is less active in the assembly plants category which is dominated by West Germany, France and Britain, with the participation ownership of Volkswagen, Peugeot and Lyland Assembly plants, respectively.

---

<sup>131</sup>Michael Simmons and Ade Obe Obe, Nigerian Handbook, 1982-83 (London: William Collins Company, 1982), p. 67.

<sup>132</sup>Ibid., p. 68.

TABLE 33  
DEPOSITS AND LOANS OF NIGERIAN COMMERCIAL BANKS  
AS OF 31 DECEMBER 1975 (N MILLION)

Operation	Total All Banks	Total Expatriate Banks	Total Indigenous Banks	% Share of Expatriate Banks
Current A/C Deposits	1,266,819	863,230	403,589	68.14
Savings A/C Deposit	521,306	376,836	144,470	72.28
Time Deposits	1,051,050	713,415	337,635	67.87
Total Deposits	2,839,175	1,953,481	885,694	68.80
Loan and Advances	1,475,613	1,049,159	-	71.09

Source: Central Bank of Nigeria (Lagos: 1975).

Summary of Chapter Three

The focus of this chapter was on the analysis of the oil industry, agricultural sector, and the commercial activities between Nigeria and the United States.

Our findings reveal that Nigeria expanded her trade relations with the United States to meet its post civil war national development demands. In regards to the oil industry, the chapter unveils that the major United States oil companies, which include Exxon/Chevron, Gulf, Mobil, Texaco, Tenneco as well as Phillips, are active participants in the exploration, production and marketing of the Nigerian petroleum oil. In the time past, intellectuals saw Shell-BP, which is the largest oil concessioner in Nigeria, as a British firm, and thus attribute Nigerian exploitation to Britain. This assertion was disproved by this chapter, by establishing that the ownership is the United Kingdom, France, Netherlands, and Switzerland, with the United States being the second largest shareholder. The analysis in the chapter illustrated that through the Nigerian National Petroleum Corporation, the Nigerian government is able to have some measurable control on the activities of the oil industry. However, the NNPC is easily manipulated by the major U.S. oil companies who award service and supply contracts to other American companies, and even their subsidiaries without enlisting the services of Nigerian companies. Thus, although the oil business has been in Nigeria for a long time, Nigerians have not been sufficiently exposed to its different facets to be able to make aspects of the industry their professional careers. Consequently, apart from the NNPC, only two

indigenous private companies are noticeable: Henry Stephens, and NISCCO. Yet they are managed by American expatriates. We saw that the area dominated by Nigerians is the domestic distribution of kerosene, diesel, petrol, lubricant and butimen.

Similarly, the chapter examined the relations between Nigeria and the United States in the field of agriculture. We found that agriculture, which provided the major stimulus for domestic economic growth in the country at independence, was neglected by the government who paid lip service to the sector in the 1970s in favor of the oil revenues, and the rural dwellers who deserted their farming activities for wage and salaried income in the urban industrializing cities. We thus noted that the involvement of the United States in Nigerian agricultural activities is as a result of the general stagnation of the sector, an opportunity the United States sought to take advantage of, with massive food exports to reduce its trade deficits with Nigeria.

Another aspect of our analysis in the chapter was the commerce position. Our findings revealed that the availability of funds in Nigeria for developmental purposes generated during the oil boom of the 1970s contributed to the United States' interest in trading with Nigeria. Hence, the direction of trade shows that the United States exported machineries and equipment, services, and general merchandise to Nigeria. Unfortunately, our findings did not show a corresponding import of semi- or finished goods from Nigeria to the U.S.A. Similarly, our analysis of tourism and travels pointed out a direction of traffic flow which shows that Nigerians spend a lot of money travelling to the United

States for various reasons such as holidays, education, business and conferences, while the United States account for only about 14 percent of total travellers to Nigeria and mainly for business. In the distributive sector, the role of American businesses is not significant. Our study shows that the merchandising aspect of Nigerian commerce is dominated by British retail chains such as Kingsway Stores, Union Trading Company (UTC), to name a few. Similarly, the British multinational companies control both the banking and insurance services. This is not to suggest that American companies are excluded from these services. They are beginning to show some significant presence.

In the following chapter, our attention will be directed to examining the impact of Nigeria's trade relations with the United States on Nigerians. Our conclusion will be derived from examining U.S. macro-economic policies, the role of U.S. multinational companies and their activities in Nigeria, policies of the United States, the creation of socio-economic imbalance among Nigerian ethnic races and cities, exploitation of Nigerian economic resources through the use of foreign capital, as well as defiance of Nigerian trade laws and regulations.

## CHAPTER FOUR

### SUMMARY EFFECT OF U.S.-NIGERIA TRADE RELATIONS ON NIGERIA

#### Introduction

This chapter investigates the trade between the United States and Nigeria in a developing nation versus developed nation variation. In our analysis, we have eschewed the use of micro-economic issues such as trade tariffs, and quotas to largely use macro-economic policies to explain how the trade relations with the United States have served to undermine Nigerian development, especially in the 1979-1984 trading period.

Against this background is our recognition of the United States as a large macro-economic environment whose policies have direct and indirect effect in the economic destiny of trading partners of developing nations, especially those of trading partners such as Nigeria.

In light of the framework above, we have in the following section examined the changes of American foreign trade policies with the third world in favor of domestic macro-economic policies and thus explained how it has affected Nigeria. Beyond this analysis, we have also examined the role of American multinational corporations operating in Nigeria to substantiate our assumption. In this regard, issues such as lack of technology transfer, the creation of urban and socio-economic imbalance as well as the defiance of Nigerian trade laws are examined.

Changes in U.S. Foreign Policies and Its Impact  
on Nigeria in the Post 1979 Period

Since World War II, discussions of the North-South economic relations and of the role of the United States in world economic development have focused on issues of aid, and sometimes trade quotas, tariffs and market entry restrictions. From 1979, the situation shifted on the part of the United States from the use of micro-economic trade tools named above to the use of macro-economic policy strategies, such as the use of fiscal and monetary policies.<sup>133</sup>

The study of international macro-economic linkages, which we are using to substantiate our hypothesis, is by no means a new field. In fact, a section of it was the subject of our discussion in chapter one, under contending theories of international trade. Nevertheless, it is important that we provide a brief background from trade interdependence point of view, for easy understanding.

The great depression of the 1930s led to the demand for analysis that could help explain why macro-economic policies in one country could influence the economies of another country. Through Keynesian economics that soon developed, a mechanism was soon found that explained the phenomenon of coordinated world wide booms and slumps. This has been

---

<sup>133</sup> Samuel Brittan, "A Very Painful World Adjustment," Foreign Affairs, vol. 61, no. 3 (Fall 1983):541-568; John Lewis, "Overview: The U.S. and the 3rd World 1983," in U.S. Foreign Policy and the Third World Agenda 1983 (Washington, D.C.: Overseas Development Council, 1983), pp. 16-19; Robert B. Carson, "Crisis in International Trade: Rising Deficits and Shrinking Dollars," Economic Issues Today Alternative Approaches (New York: St. Martin's Press, 1980), pp. 278-282; Robert B. Carson, "America and the World 1982," Foreign Affairs, vol. 61, no. 3 (Fall 1983):489-541.

referred to as foreign trade multiplier. The operation of the foreign trade multiplier is simple, and it is best explained by Paul Krugman, who, in his study of "Economics of Interdependence," stated that:

Suppose that the United States shifts its monetary or fiscal policy in a contractionary direction, raising interest rates or increasing taxes. This contraction will reduce the demand for U.S. products, leading to a fall in income and employment. With this drop in income Americans will cut back their spending, producing a further round of contraction, and so on. As people of the United States spend less, part of the reduction in demand will be a reduction in demand for foreign products, leading to a decline in imports. This will set in motion a parallel process of contraction abroad. Furthermore, these multiplier processes will interact: As foreign economies contract, their demand for U.S. exports will fall, reinforcing the U.S. contraction; as the U.S. economy contracts the demand for imports will fall thus reinforcing the foreign slump.<sup>134</sup>

#### The Rediscovery of U.S. Economic Power to Shape World Economic Trend

The world economic boom of the early and mid 1970s saw the emergence of international economic actors such as Japan, Taiwan, Korea, Saudi Arabia, Nigeria, Brazil and Singapore contributing significantly towards a healthy world economic interdependence. The emergence of these new actors also resulted in a corresponding weakness for the United States, leading to chronic deficits in U.S. balance of payment position.

The factors responsible for the worsening U.S. payment position were due to a prolonged overseas military and economic spending by the

---

<sup>134</sup>Paul R. Krugman, "The Economics of Interdependence," U.S. Foreign Policy and the Third World Agenda 1985-86 (Washington, D.C.: Overseas Development Council, 1985), p. 34.



U.S. government, especially during the Vietnam War, a continued movement of U.S. private capital to overseas investments especially to countries like Taiwan, South Korea, Mexico, and the Philippines where the U.S.' multinational corporations find cheap labor. Other reasons were due to the greatly increased productivity of foreign labor and capital, especially in Japan and Western Europe, the rising prices of U.S. goods relative to foreign imported goods especially from Japan and Taiwan as well as the incredible increases in the cost of oil imports after the 1973 OPEC price hikes.

On the political front, U.S. influence and sometimes domination of the third world declined as wars of National Liberation and the emergence of new regimes in the third world committed their agenda to independent political course. The failure of the United States in an attempt to stem the tide of nationalism in Vietnam, the removal of the Shah of Iran and the subsequent turmoil which led to the American hostage crisis in 1979, as well as the continued harassment of U.S. citizens through hijackings in the Mediterranean region, all indicated to the United States that a self reappraisal needed to be made, especially in relation to the third world countries.

The impact of these experiences led to a mounting domestic pressure on the U.S. government. The effect was the Carter's administration desire for economic realignment as well as the search for an alternative strategy in U.S. relations with the rest of the world. The implementation of the administration's repositioning led to the appointment of Paul A. Volcker, a shrewd implementor of monetary economics, to

the Federal Reserve Board. His appointment marked the beginning of a shift from the more liberal economics of interdependence backed by the "regionalists" to a stern money supply targeting strategy backed by the "globalists." It is very important to understand the concepts of regionalists and globalists and their role in reshaping the U.S. agenda in relation with special countries around the world.

Under the Carter administration, two faction of policy makers were noticeable, the Regionalists and the Globalists. The regionalists, for example, included Andrew Young, U.S. Mission Representative to the United Nations; Richard Moose, Assistant Secretary of State, African Affairs; while Zbigniew Brzezinski (National Security Adviser) as well as Chester Crocker were examples of the globalist perspective. The regionalists, for example, believed in developing regional powers to be used as U.S. surrogates in each sub-region. Countries like Nigeria, Saudi Arabia and Iran readily served their purpose. The regionalists refrained from the use of military assistance and covert actions as a tool for American foreign policy. On the contrary, the globalist viewed the world from a strategic point of the cold war. They cared only about American security and economic interests. Hence, while the regionalists analyze their policy choices by first defining U.S. interest in a particular region, the globalists start by asking about the behavior of Soviet and other powers in the region, their motivation and possible threats. Above all, the globalists argue that the regional economic and political actors such as Nigeria, Saudi Arabia and Iran "were their own powers whose feet of clay and commitments to

the United States policies were uncertain and changeable.<sup>135</sup>

With the resignation of Andrew Young as the U.S. Representative to the United Nations in the second half of the Carter Presidency, as well as the reasons enumerated earlier, the globalists came to dominate the latter part of Carter's term. Similarly, the globalists have dominated and continue to be at the helm of affairs since the Reagan Presidency. In the following section, the policies of Reagan and their consequent impact on Nigeria are illustrated.

#### U.S. Domestic Economic Policies and Its Impact on Nigeria

The discussion so far has led us to establish the United States past ability to influence changes in the economic situation of its trading partners, and the world. What we have not discussed are some of the U.S. macro-economic policies in its efforts to regain lost leadership and how they have impacted on Nigeria. This is the subject of our discussion in the succeeding section.

#### The Budgetary Block and Interest Rates

The main source of deterioration in U.S.-Nigerian trade relations which led to the detriment of Nigeria in the late Carter and Reagan Presidency has been American domestic policies and the interplay between it and the economy of Nigeria, a subject we have extensively discussed in chapter three.

---

<sup>135</sup> Henry Biennen, "The United States and Sub-Sahara Africa," U.S. Foreign Policy and the Third World Agenda 1983 (Washington, D.C.: Overseas Development Council, 1983), p. 68.

The economic policies under President Reagan have largely focused on domestic restructuring and thus failed to consider its immediate impact on foreign countries, especially on trading partners. This is correct, particularly when Vice President George Bush admitted that:

The present state of the global economy is not of Africa's making. In the world economic system, the United States has a special responsibility not only to put its own house in order but to help rekindle growth in other lands. We are deeply committed to that task, and to achieve it the American people are making real sacrifices. We are confident that when we are successful Africa will benefit quickly and significantly.<sup>136</sup>

The Reagan economic policies which were three-cornered, featured in the areas of staunch adherence to anti-inflationary monetarism, strategic foreign policy and revised anti-Carter defense initiatives. These policies are explained by Floyd Hayes III who noted that:

- The tenets of Reagan's New Federalism have been to:
1. Reduce the size of the American federal government by cutting deficit spending, balancing the budget, constricting government employment and terminating numerous social programs;
  2. Provide tax breaks for big business in order to stimulate domestic investment;
  3. Retard the growth of money and credit in order to stabilize the American dollar as well as,
  4. Increase military expenditure.<sup>137</sup>

The primary factors in the worsening of the U.S. economy when Reagan assumed office were:

---

<sup>136</sup>Vice President George Bush, "A New Partnership with Africa," Current Policy No. 438 (Washington, D.C.: U.S. Department of State, Bureau of Public Affairs, November 19, 1982), p. 3.

<sup>137</sup>Floyd Hayes III, "Reagan and Reagonomics, Policy Choices in Changing Society" (Unpublished paper presented at the National Conference of Black Political Scientists, Houston, Texas 1982.)

Overseas military and economic spending, continued movement of U.S. private capital to overseas investments, the greatly increased productivity of foreign labor and capital, the rising prices of U.S. goods relative to foreign goods as well as the incredible increase in the cost of oil imports after OPEC's 1973 price hike.<sup>138</sup>

Similarly, the country was saddled with stagflation (a situation of high level inflation and unemployment). A national unemployment rate of 8.2 percent was recorded in 1981 with that of blacks alone being 17 percent. In addition to high inflation and unemployment, the United States was also in serious deficit with major trading partners, including Japan and Nigeria, and also in debt due to the Spanish-American War, the First and Second World Wars, and the Vietnam War, respectively. Apart from the serious indebtedness of the U.S. government, she was also owed by various agencies and individuals. The New York Times noted that:

Americans owe U.S. \$33 billion in bad debts, retirees owe refunds on social security overpayments and grants, corporations owe overdue taxes that they have withheld from their employees pay, former students have walked away from loans that put them through college. Railroad corporations have fallen behind on loans for capital improvements and farmers are delinquent on payments for loans they took to buy livestock and feed.<sup>139</sup>

Table 35 below illustrates the amount owed to the U.S government.

Readdressing the national agenda thus became a priority to the Reagan administration. Reagan then sought solution from macro-economic policies and supply side economics. Supply side economics, which Reagan adopted, holds that when there is an increase in production, unemployment would be eliminated thereby stimulating the economy

---

<sup>138</sup>Robert B. Carson, Economic Issues Today, Alternative Approaches (New York: St. Martin's Press, 1980), p. 280.

<sup>139</sup>The New York Times, February 14, 1982, p. C2.

TABLE 34

## DEBTS TO THE U.S. GOVERNMENT BY AGENCIES

<u>Agency</u>	<u>Loans Outstanding (\$ billions)</u>	<u>Delinquent (\$ billion)</u>
Agriculture	\$94.2	\$2.2
Education	13.6	3.0
Health and Human Services	3.0	1.8
Housing and Urban Development	13.9	1.7
Small Business Administration	9.8	1.6
Veterans Administration	4.1	0.8
Treasury	33.2	20.8
Other	4.3	7.1*

Source: The New York Times, February 14, 1982, Office of Management and Budget, 1982.

Note: Table shows the status of loans owed to the federal government by agencies. Amounts are in billion dollars. The sign \* represents overdue taxes.

to boom. To set the strategy in motion, the Reagan administration decided to cut spending, and eliminate some programs in areas of welfare as well as provided tax breaks to businesses. These are well represented in our tables below.

The underlisted programs show the categories of programs either abolished or shifted to the states and local administrations.

1. Social Health and Nutrition Services

Child nutrition, child welfare, adoption assistance, foster care, runaway youths, child abuse, social service block grants, material and child health block grant, legal services, community

TABLE 35

## AMOUNT PROPOSED TO BE CUT FROM FEDERAL PROGRAMS

<u>Program</u>	<u>Earmarked Amount</u>	<u>Proposed Cuts</u>
Food Stamp	\$11.8 billion	19.1%
AFDC	6.6 "	17.5%
Medicaid	19.0 "	10.4%
Child Nutrition	3.0 "	9.4%
Low Income Energy Assistance	1.8 "	25.8%
Social Service Block Grant	2.4 "	17.8%

Source: Newsweek, April 5, 1982, p. 17.

services, drug abuse grants, primary care research, unemployment, black lung clinic, migrant clinics, family planning, women, infants and children (WIC).

## 2. Transportation

Grants in aids for airports, highways, interstate transfer, Appalachian highway's urban mass transit construction, urban mass transit operating.

## 3. Community Development and Facilities

Water and sewer grants, water and sewer loans, community facilities, loans, community development block grant, urban development action grant, waste water treatment grant.

## 4. Education and Training

Vocational rehabilitation, vocational and educational state block grants, Comprehensive Employment and Training Act (CETA).

## 5. Revenue Sharing and Technical Assistance

State grants, general revenue sharing.

## 6. Income Assistance

Low income home energy assistance.<sup>140</sup>

Contrary to projected results, the Reagan strategy failed to spur economic growth as intended. Many U.S. companies could not create more jobs since their sources of business loans, especially the Small Business Administration, had less to lend. Most people whose salvation was on welfare checks, lost their purchasing power as well as suffered structural unemployment. These combined forced many companies to seek merger, acquisition or outright bankruptcy. Therefore, instead of Reaganomics spurring economic development, economic recession ensued, forcing consumers to contract their expenses and to buying very cheap import commodities from Japan, Taiwan and South Korea. By 1984, the Reagan administration had recorded more deficit than the Carter administration.

How did these policies affect Nigeria? As we pointed out earlier in our explanation of the concept of foreign trade multiplier, the contraction of the economic activities of a major economy by way of reduced spending and stringent fiscal policies will lead to incidences such as reduction in demand of products and services, drop in income and employment which will also set in motion a parallel contraction process for foreign trade partners. The contraction policies enunciated by President Carter in 1979 and accentuated by Reagan

---

<sup>140</sup>Tom Morganthau and Jerry Buckley, "Reagan's Polarized America," Newsweek, April 5, 1982.

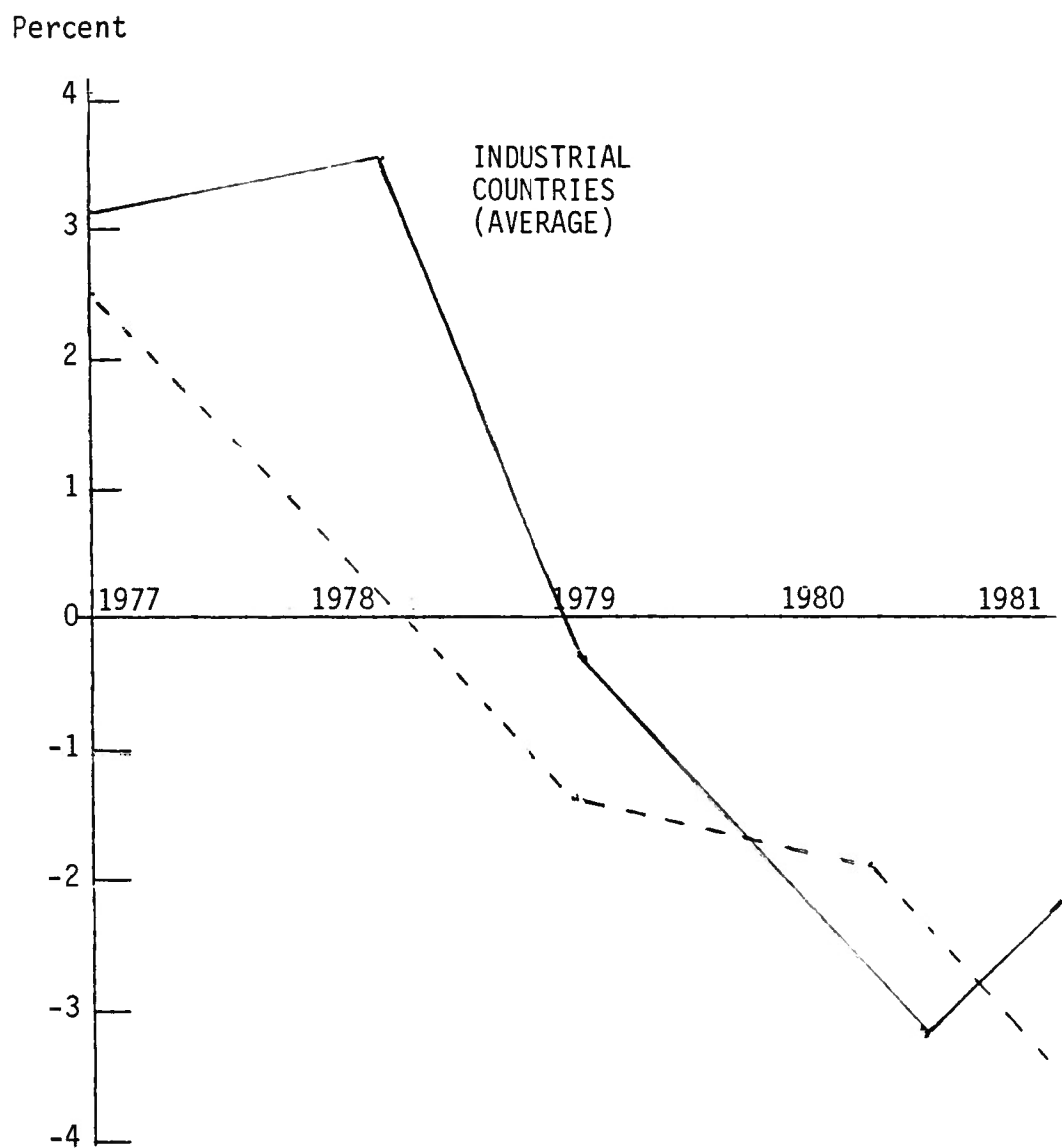


led to the unparalleled economic downturn that affected Nigeria's being a major trading partner of the United States. This is further illustrated with the chart presented below.

#### Note on Chart

Chart illustrates the real stock of money in the world community and its sudden decline between 1979 and 1981. The economic contraction in the United States, which we stated earlier as being Nigeria's major trading partner, led to sudden glut of the Nigerian oil. This situation is also illustrated in our table on Nigerian Balance of Trade with the United States (page 73) for the 1965-84 trading period. Nigeria which recorded a surplus balance of trade at a peak of +3935.1 in 1979, declined to +2082.0 by the end of 1981. It further declined to +1872.0 in 1982, +1037.7 in 1983 and to only +654.5 by the end of the 1984 fiscal year. The decline in the balance of trade position above was a result of many factors such as a decrease in U.S. imports from Nigeria, which was also accompanied by decrease in Nigerian imports from the United States. We have presented tables showing international trade position for the periods 1979-84 to ascertain these reductions of trading activities. Table 35 demonstrates a steady decline of exports to the United States from 1979-84, while our table on direction of oil exports (table 36) depicts a continued reduction of oil purchases by the United States. Thus as our table shows, the United States, which purchased 129,826.4 thousand barrels of oil from Nigeria in 1982, reduced its purchase to 76,345.4 thousand barrels in 1984. This also contributed to the decline of revenues from the United

FIGURE 1  
CHANGE IN THE REAL STOCK OF MONEY



Source: International Monetary Fund, World Economic Outlook, 1982.

TABLE 36  
IMPORTS BY REGIONAL GROUPINGS  
(N Million)

Year and Quarter	Common- wealth Countries	Eastern Europe	Japan	United Kingdom	U.S.A.	ECOWAS	Western Europe	Others	Total
1979	210.0	130.6	669.6	1,073.4	644.1	22.6	2,867.2		6,169.2
1980	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
1981	716.5	228.5	1,684.3	2,334.3	1,346.6	36.5	5,134.4	1,118.0	12,599.1
1982	489.4	355.7	1,133.9	1,877.1	1,111.3	31.0	4,290.2	811.5	10,100.1
1983	293.5	308.6	613.9	1,080.1	771.6	34.1	2,752.6	253.2	6,101.6
1984 <sup>1</sup>	236.8	165.6	368.0	829.5	567.4	57.5	1,931.6	380.3	4,536.5
1982									
1st Quarter	116.1	85.4	395.2	580.7	321.5	8.7	1,368.9	215.6*	3,092.1*
2nd Quarter	202.0	53.2	291.5	524.4	335.4	8.1	1,167.6	174.4*	2,756.6*
3rd Quarter	88.5	127.8	188.2	316.8	238.8	5.9	806.7	175.4*	1,948.1*
4th Quarter	82.8	89.3	259.0	455.2	215.6	8.3	947.0	242.1*	2,299.3*
1983									
1st Quarter	100.2	103.5	221.7	299.5	160.2	6.9	738.7	210.1	1,840.8
2nd Quarter	65.1	75.8	141.8	254.9	156.3	8.8	584.5	133.2	1,420.4

Source: Central Bank of Nigeria, Economic and Financial Review, vol. 23, no. 2 (June 1985):65.

<sup>1</sup>Provisional; n.a. = not available; \*figures do not add up to total.

TABLE 37  
EXPORTS AND RE-EXPORTS BY REGIONAL GROUPINGS  
(N Million)

Year and Quarter	Common-wealth Countries	Eastern Europe	Japan	United Kingdom	U.S.A.	ECOWAS	Western Europe	Others	Total
1979	740.5	19.8	11.9	632.0	4,579.2	174.3	3,724.5	436.1	10,318.3
1980	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1981	872.6	198.8	160.2	135.8	3,428.6	299.5	4,235.3	1,203.0	11,033.8
1982	414.9	51.7	4.9	211.5	2,983.3	230.4	3,369.4	1,930.3	9,196.4
1983	133.9	47.4	5.9	319.8	1,802.3	144.3	3,232.6	1,797.1	7,483.3
1984 <sup>1</sup>	577.8	37.9	6.1	422.9	1,212.9	300.0	6,116.1	451.0	9,124.7

Source: Central Bank of Nigeria, Economic and Financial Review, vol. 23, no. 2 (June 1985):65

<sup>1</sup>Provisional; n.a. = not available.

TABLE 38

## DIRECTION OF OIL EXPORTS

Region/Country	Quantity (thousand barrels)			Value (N million)			Percentage of total value		
	1982 <sup>1</sup>	1983 <sup>1</sup>	1984 <sup>2</sup>	1982 <sup>1</sup>	1983 <sup>1</sup>	1984 <sup>2</sup>	1982 <sup>1</sup>	1983 <sup>1</sup>	1984 <sup>2</sup>
Africa	9,127.3	6,759.9	15,661.2	204.7	160.7	346.5	2.6	2.2	3.9
West Africa	9,127.3	6,413.3	13,942.7	204.7	153.4	308.0	2.6	2.1	3.5
ECOWAS	9,127.3	6,413.3	13,942.7	204.7	153.4	308.0	2.6	2.1	3.5
Ghana	(4,671.6)	(1,989.2)	(6,248.9)	(111.9)	(43.6)	(140.2)	(1.4)	(0.6)	(1.6)
Ivory Coast	(2,250.2)	(2,312.6)	(4,979.3)	(40.2)	(63.3)	(106.8)	(0.5)	(0.9)	(1.2)
Senegal	(1,202.6)	(956.7)	(1,071.1)	(28.9)	(23.8)	(23.8)	(0.4)	(0.3)	(0.3)
Sierre-Leone	(1,002.9)	(1,172.8)	(1,642.8)	(23.7)	(25.7)	(37.2)	(0.3)	(0.4)	(0.4)
Niger	-	-	-	-	-	-	-	-	-
Other ECOWAS	-	-	-	-	-	-	-	-	-
Other W. Africa	-	-	-	-	-	-	-	-	-
N. Africa	-	-	-	-	-	-	-	-	-
Other Africa	-	(328.6)	(1,719.1)	-	(7.3)	(38.5)	-	(0.1)	(0.4)
Asia	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-
(Mainland)	-	-	-	-	-	-	-	-	-
Hong Kong	-	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Americas	179,911.0	108,398.8	95,528.2	3,919.2	2,317.4	2,073.0	49.0	32.2	23.4
Canada	1,915.1	1,477.8	7,098.1	45.4	30.8	153.6	0.6	0.4	1.7
U.S.A.	129,826.4	76,345.4	56,149.1	2,831.4	1,645.9	1,210.9	35.4	22.9	13.7
Others	48,169.5	30,575.6	32,281.0	1,042.4	640.7	708.5	13.0	8.9	8.0
E. Europe	2,139.9	-	-	50.3	-	-	0.6	-	-
Hungary	-	-	-	-	-	-	-	-	-
Yugoslavia	600.3	-	-	13.9	-	-	0.2	-	-
Czechoslovakia	-	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	-	-	-	-
U.S.S.R.	-	-	-	-	-	-	-	-	-
Others	1,539.6	-	-	36.4	-	-	0.4	-	-
W. Europe	175,232.0	226,202.3	289,812.9	3,829.0	4,723.1	6,421.1	47.8	65.6	72.7
Belgium/	-	-	-	-	-	-	-	-	-
Luxembourg	5,235.0	2,428.8	-	115.2	49.2	-	1.4	0.7	-
Netherlands	26,296.0	28,669.2	51,885.7	519.2	637.2	1,135.6	6.5	8.8	12.8
Germany (West)	27,956.8	40,505.8	42,274.6	631.8	888.4	915.1	7.9	12.3	10.4
France	58,823.1	71,143.3	87,013.3	1,308.2	1,507.2	1,924.2	16.3	20.9	21.8
Italy	32,003.0	43,184.3	61,806.7	690.3	836.4	1,457.1	8.6	11.5	16.5
Norway	1,052.7	-	-	24.3	-	-	0.3	-	-
Sweden	9,116.6	6,533.1	3,978.4	203.0	144.2	84.9	2.5	2.0	0.9
Denmark	1,009.9	1,708.0	2,303.4	22.7	36.1	51.3	0.3	0.5	0.6
Austria	600.0	540.0	2,114.8	14.6	11.4	46.1	0.2	0.2	0.5
Switzerland	632.4	-	-	15.3	-	-	0.2	-	-
Ireland	-	-	-	-	-	-	-	-	-
Spain	903.5	9,051.2	15,890.6	21.6	188.4	342.4	0.3	2.6	3.9
U.K.	5,636.4	10,399.5	13,644.5	134.2	197.4	198.8	1.7	2.7	3.4
Greece	-	-	-	-	-	-	-	-	-
Others	5,966.6	12,019.1	8,900.9	128.6	237.0	165.6	1.6	3.3	1.9
Oceania	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-

Source: Central Bank of Nigeria, Annual Report (Lagos: December 1984), p. 94.<sup>1</sup>Revised; <sup>2</sup>provisional.

States from 2,831.4 million Naira in 1982 to 1645.9 in 1983, and 1,210.9 million Naira only by 1984.

Since Nigeria was not forewarned, she suffered untold hardship within this period with high unemployment, massive labor retrenchment in both private and public sectors, abandonment of major infrastructures under construction across the country, as well as suffered the inability of paying students school fees at home and abroad. Escalated social malaise such as armed robbery and prostitution soon followed.

Apart from the impact of economic contraction, the tax break policies for the American big businesses were intended to surge an output in productivity and then raise investments. Secondly, it was intended that by scaling down government's expenditure on welfare and social programs, more people would go to the work force and thus contribute to the envisaged high economic output. On the contrary, this assumption did not materialize. The combination of high interest rate, cut in non-defense spending, with corresponding increase in military spending retarded revenues, resistance from the congress and bureaucracy, as well as the large tax cut all contributed to putting the United States into an unexpected recession. The activities in a recessionary period also affected the American corporations doing business in Nigeria. Many of the corporations were the oil affiliates in Texas, Louisiana and Oklahoma states who have largely been responsible for investing and producing the Nigerian oil. With serious financial and credit problems facing American companies, massive job layoffs, cut down in operation and outright unemployment were also extended to Nigeria. The reason accounting for this is that most American

companies operating overseas, especially in the oil industries, are able to operate largely due to the financial assistance from U.S. banks, the Import-Export Bank, the Small Business Administration, as well as with numerous financial institutions in the United States. The banking crisis that resulted from President Reagan's induced recession also affected the contraction of the services of the financial institutions.

The seriousness of the banking crisis was once demonstrated by four major shocks. On May 17, 1972, the small New York firm of Drysdale Government Securities became insolvent and Chase Manhattan Bank, to whom it owed money, showed a loss in the second quarter of the year. Then the Italian Banco Ambrosiano went down with its affairs in an impenetrable tangle and unpaid debts owed by its foreign subsidiaries. On July 5, a very small Oklahoma City bank, Penn State Square, was closed by the U.S. Comptroller of the Currency. It had raised considerable sums for oil and gas projects from larger banks and this time a main victim was Chicago's Continental Illinois Bank.<sup>141</sup>

Similarly, the policy of Reagan to retard the growth of money and credit in order to stabilize the American dollar in effect contributed to Nigerian dependency on U.S. monetary and fiscal policies. This can be measured against several features. One, the dollar being used in setting the price of oil. Secondly, the dollar is used in denominating international lending. Three, the role of the International Monetary Fund as a soft lender to developing countries.

The important difference between public and private lending from the point of view of international interdependency is that private lenders are more serious to protect themselves against risk. In the

---

<sup>141</sup>Samuel Brittan, "A Very Powerful World Adjustment," Foreign Affairs, vol. 61, no. 3

mid 1970s, Nigerian (federal and state governments respectively) borrowed from the private sources. At that time debts were arranged on floating rates and tied to Eurocurrency rates. Since the United States induced recession in world economy financial lenders required reassurance of debt repayment. For a developing country like Nigeria, this meant trying to reach agreement with the IMF lending parameter before loan approval, which is often required.

Unable to attract private loans, Nigeria had to fulfill some commitments such as devaluing the Nigerian currency to indulge in raising interest rates, eliminate price control, further cut public sector employment and wages as well as set limits on government expenditure. Although Nigeria was forced out of the loan by public outcry, she was able to attract guaranteed financial support to embark on a second-tier economic restructuring program but not until the Nigerian Naira was technically devalued. Thus, the dollar which stood at seventy-five kobo against the Naira in 1979 appreciated with the Nigerian Naira standing at thirty-six cents against the dollar by 1986. It is important for us to understand how this process has worked and its impact on Nigeria. With our description of the channels through which the United States macro-economic policy has been restructured through a shift toward tighter monetary policy, the multiplier effect was set in motion. For example, the initial effect of U.S. tight money supply lead to a very high interest rate (21 percent by 1980), then a recession which led to the emergence of a very strong dollar. In the effort for other industrial nations such as Japan, Britain, France and West Germany to stabilize their currencies and limit the rise of the dollar, they also



tightened their monetary policies. What the scenario created was a combination of higher interest rates and recession, which affected balance of payments of developing nations due to escalated debt service and the burden of paying for imports of commodities such as oil. The group most affected by this cyclical relationship was those carrying heavy floating rate debts (Nigeria being one). In no time Nigeria lost confidence with its banking lenders. In times of recession lenders lose confidence in their borrowers, especially in a monoculture situation. When this situation happens the borrower seeks alternative sources of loans. Often third world countries seek loan from the International Monetary Fund. But contrary to the beliefs of third world countries, the IMF is a financial clearing house which adopts the lending parameters of the industrialized Western nations. It is on this ground that the recommendations mentioned earlier were requested of Nigeria. The adoption of the IMF recommendations led to a continued cut back on employment, and a further retrenchment of those already employed. All contribute to low morale, frustration, low productivity and outright hopelessness among Nigerians. The strong dollar, and low Naira phenomenon without a corresponding high productivity within Nigeria also contributed to high cost of living and outpriced consumer and luxury items.

Another effect of the very highly devalued Naira has been a rocket increase in debt service payments to existing loans. Nigerian share of world debts is represented in our table below.

TABLE 39

## EXTERNAL DEBT SERVICE PAYMENTS FOR 1982 FISCAL YEAR

Country	Total	Interest	Principal
Argentina	179	44	235
Mexico	129	37	92
Ecuador	122	30	92
Brazil	122	45	77
Chile	116	40	76
Venezuela	95	14	81
Colombia	94	25	69
Phillippines	91	18	74
Peru	90	21	69
Turkey	68	13	55
Korea	53	11	43
Thailand	48	10	38
Egypt	48	7	41
Yugoslavia	46	14	32
Algeria	39	12	32
Indonesia	27	8	19
Taiwan	21	5	16
*Nigeria	20	7	13
Malaysia	17	5	12

Source: Morgan Guaranty Trust Company, "World Financial Markets," October 1982, p. 5.

Notes: (1) All debts are in billions of U.S. dollars.

(2) All debts were due within the year including amortization of medium- and long-term debts which were outstanding at the beginning of the year.

(3) Figures do not show service charges which also ballooned at the time of payment.

The Political and Strategic  
Minerals Question

An area worthy of our analysis is the focal point Nigeria occupied in the minds of the United States policy makers between 1974 and 1980 when Nigeria was influential with the United States, and between 1980-1984 when there was a reversal of such influence.

We demonstrated earlier that by the end of 1980 Nigeria remained the second largest oil exporter to the United States after Saudi Arabia. Despite the strategic mineral importance of Nigeria to the United States, there has been a lessened political embrace of Nigeria in the post 1980 trading period. Many reasons account for this situation. Principal is the change in policy strategies as to the best way to accomplish U.S. strategic interest in the African sub-region. Under Carter, the U.S. policy towards Africa "was to coordinate African policy with Nigeria as a regional influential." But under President Reagan that policy position changed.

Reagan's African policies since 1981 have focused less on coordinating with Nigeria and have not attempted to work through Nigeria especially on South African issues.<sup>142</sup>

Besides this shift in policy position,

... the Reagan administration has also indicated that in the current period of soft oil prices no strategic importance will be attached to Nigeria especially when new U.S.refining capacity can now improve the quality of low grade crude oil.<sup>143</sup>

All the same, the United States also expressed the idea of

---

<sup>142</sup> John Lewis and Valeriana Kallabed, U.S. Foreign Policy and the Third World Agenda (Washington, D.C.: Overseas Development Council, 1983), p. 112.

<sup>143</sup> Ibid., p. 113.

encouraging Mexico, a closer and more secured producer of oil, to expand their productivity for the United States market.

Lack of Technological Transfer to Nigerians In  
the Sectors Dominated by the United  
States Multinational Corporations

Multinational corporations are large companies which have their headquarters in one foreign country often referred to as home country and establish subsidiaries or branches in another country. The parent company often serves as the headquarters and is usually based in the home country, while its subsidiaries, branches or affiliates operate in peripheral countries, usually referred to as the host country. In single structured corporations (where there is no franchise rights) the parent companies monopolize key decisions, especially in areas of technology transfer, research and development, use of profit, and social corporate responsibilities.

The emergence of multinational corporations is attributable to various factors. To extract raw materials such as minerals (oil, gold and silver), agricultural produce (as Britain did in Nigeria), or the exploitation of cheap labor as currently in the case of countries such as Mexico, Korea, Taiwan and the Phillippines. Yet another reason is the pursuit of lucrative markets for higher margin of profit. The latter explains the reason behind higher initial export of capital from the advanced countries which leads to the net export of capital from the host country to the home country of the multinational corporation.

Many arguments have been made in favor of multinational corporations. Some of these include the notion that multinational corporations

enhance the economic capabilities of developing nations where they are located and thus contribute to their overall economic development. Furthermore, they are said to be agents of change since they alter traditional value systems, modify behavior and thus are able to expedite political development as well as stability. Most recently, multinational corporations are praised for their efforts in trying to bring about a global community.

We consider the role of the multinational corporation to be central to Nigerian dependency status. Since we have already established a case for U.S. dominance of the Nigerian oil sector, our analysis here will further examine the impact of the multinational corporations in the sector.

The major functions in oil production involve the processes of exploration, production and refining, as well as transportation, marketing and distribution. Activities in these operations include running of pressure surveys, drilling of wells, site testing, cementing, construction of flow stations, pipeline construction, as well as drilling rig operation. All of these activities are performed by Americans recruited in the United States. This statement is not to suggest that Nigerians are not employed in the industry, rather Nigerians are hired to do the less intricate jobs such as cooks, stewards, electricians, welding and radio operation. Apart from the employment situation, the entire machines and equipments used in the oil industry are imported either directly by the major oil companies or by the auxilliary service companies which we discussed earlier under "Specialization among American Oil Companies." The entire process impacts negatively on Nigeria in two

ways: double payment and technology stagnation. Double payment results when the major oil contracting companies secure payment for their services, and in turn charge Nigeria for technology transfer when equipments are used. Technology stagnation results due to the refusal to award independent contracts to Nigerian technicians, welders and machinists, a phenomenon which has led to reduced indigenous capabilities in the sector, since the use of foreign made tools and machines does not encourage any linkage between Nigeria input such as steel, mental input to the oil production process, a phenomenon which could set off a chain of machine design and production in Nigeria. The lack of transfer of technology to the Nigerians in the oil sector is pervasive. Bade Onimode noted that:

The extent of local participation in these technology transfer arrangements is almost zero. Even with the three Nigerian companies, their participation in production and refining does not imply real participation in technology development because they all import their technology and rely on foreign expertise for the installation and maintenance of their machinery. It is only the Nigerian refining companies that produce some of its spare parts in its own workshop, but it relies on foreign expertise for delicate overhauling of its equipment. The only real difference between these Nigerian companies and the oil multinational is that the indigenous companies employ more Nigerians in senior technical posts and engage in manpower training locally and overseas.<sup>144</sup>

The refusal of U.S. oil companies to transfer technology to Nigerians is tied to various factors. Principal is the fact that the oil multinational companies concentrate their research and development units in the home country (USA). The effect is that Nigerians do not

---

<sup>144</sup>Bade Onimode, "Multinationals in the Mining Sectors," Multinational Corporations in Nigeria (Ibadan: Les Shyraden, 1983), p. 33.

have access to participate in the act of process design, drawings (process information), and personal contacts with the idea initiatives of the various products.<sup>145</sup> Similarly, there is the desire on the part of the multinational corporations to retain monopoly over their own technology.

Another mitigating factor hindering U.S. multinational corporations from transferring technology is attributable to their being subject to U.S. domestic regulatory and export control laws. Most nations desire to view technological capability as a basis of power, whether in terms of industrial competitiveness, defense preparedness, or international prestige. The United States government stimulation of science and technology has waxed and waned during the past twenty-five years. This is reflected in the amount of federal research and development funding in strategic military, energy and space programs. Since the oil embargo in the early 1970s, the United States has been concerned over its deteriorating trade balance, falling rate of productivity, technology polarization to many developing countries, and the rising level of unemployment among scientists and engineers have all contributed to the White House plan to launch a new effort to promote and protect technological advancement.<sup>146</sup> The various control mechanisms are implemented through various agencies including U.S. firms. For example, the Export Control Act of February 26, 1949, the U.S. Congress declared that

---

<sup>145</sup>Thomas J. Biersteker, Distortion or Development? Contending Perspectives on the Multinational Corporation (Cambridge: MIT Press, 1981), pp. 49-68.

<sup>146</sup>Vern Terpstra, The Cultural Environment of International Business (Cincinnati: South Western Publishers, 1978), pp. 191-217.

It is the policy of the United States to use export controls to the extent necessary:

- (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand;
- (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities, and
- (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security.<sup>147</sup>

The authority to enforce this act is vested in the President. Section 2405 of the Export Control Act states that:

The President may prohibit or curtail the exportation of any goods, technology or other information subject to the jurisdiction of the United States or exported by any person subject to the jurisdiction of the United States, to the extent necessary to further significantly the foreign policy of the United States or to fulfill its declared international obligations.<sup>148</sup>

The U.S. desire to further control U.S. firms and various public agencies to strictly protect U.S. technology is not ending and there is no reason for Nigeria to think she could be an exception to the control measures. The seriousness of the U.S. government over control of the U.S. technology is best demonstrated by Irving Louis Horowitz's study. According to him:

Universities are being asked to keep foreign students out of classes and laboratories where advanced research is discussed. In the Department of Commerce, draft language for new export control rules would extend the definition of export to all of the following:

- a) research work in the United States involving foreign national;

---

<sup>147</sup>"Export Control Act," U.S. Code Annotated, Sec. 2022, February 1949, p. 296.

<sup>148</sup>"Export Control Act," U.S. Code Annotated, Sec. 2405, 1985, p. 354.



- b) teaching in a classroom laboratory involving foreign national;
- c) Presentation of papers at United States conferences with foreign nationals attending or at conferences abroad;
- d) Submission of manuscripts to foreign journals;
- e) Formal foreign exchanges and cooperative research;
- f) Postdoctoral exchange programs;
- g) Research work in a foreign country;
- h) Teaching abroad.<sup>149</sup>

The implication of our finding here is that the U.S. multinational corporations operating in Nigeria have never tried to transfer technology to Nigeria and there is no hope they will. This leaves Nigeria with two policy choices: to develop its local technological talents or devise other trade strategies to extract technology from U.S. companies. Our suggestions as to how these could be achieved are the subject of our discussion in chapter five which discusses our overall findings and recommendations.

Creation of Urban Problems and Socio-Economic  
Imbalance Among Nigerian Ethnic Races and  
Cities Due to Location Strategies

The profit motive of multinational corporations serves as the underlying reason behind their location pattern in host countries. In Nigeria this experience has also proved real. It further explains the reasons behind the commercial/industrial clusterization of the country into various axes, such as Ibadan-Lagos, Kano-Kaduna, Port Harcourt-

---

<sup>149</sup>Irving Louis Horowitz, "Social Science and the Citizens," Society, vol. XXII, no. 2 (January/February 1985):6.

Aba-Enugu, and Port Harcourt-Warri-Lagos axis (typical of U.S. oil corporations).

The industrial clusterization of Nigeria certainly has had negative impact on the overall development of the country. One of such impacts is that the urban economic centers continue to remain economically isolated from the larger rural and semi-urban part of Nigeria. The presence of more modern means of communication further ensures an economic linkage with the host country of the multinational corporations doing business in Nigeria. A further impact is that these centers being commercial and industrial centers are able to exert a pull of unskilled and semi-skilled labor from the rural and semi-urban areas to the economic centers. This pattern of rural push and urban pull phenomenon as well as other factors already discussed earlier has largely accounted for low agricultural productivity in Nigeria, since the rural dwellers who were farmers dropped their farming tools to seek wage employment in these economic centers.

A second impact is the consequence of national cohesiveness in behavior, and interdependence. For example, the behavior of people in Warri and Port Harcourt axis is different from the behavior of people in Lagos and Ibadan axis. The behavior of people in the former is largely influenced by American companies who incidentally hire large number of the inhabitants to the oil industry. Similarly, behavioral pattern of the latter is influenced by trading activities, and the hunt for government contracts, an experience acquired from the closeness to British companies. However, since this point has high sociological undertone, we have decided to leave it for a more comprehensive

analysis from Nigerian sociologists. The relevance of this point to our study of political analysis however, is that the non-coherence of Nigerian economic segment does have serious impact politically and economically in national unity, since,

... any economic segment can break up to form a separate entity without actually being affected by the other economic groupings. An example of this happened during the Nigerian Civil War, 1967-1970.<sup>147</sup>

Another consequence is the creation of socio-economic imbalance among various ethnic groups and villages of Nigeria, especially in the oil producing towns and villages as a result of ecological distortion. As we noted elsewhere, the petroleum production process entails exploration, drilling and pipe lining in regards to onshore drilling. Some of these processes require the use and transportation of heavy equipments on the footpaths and paved roads in oil producing towns and villages. Since these roads are not meant for these activities, much damage is done which hampers the smooth locomotion of residents of the towns and villages. Besides, these impact both the farmlands and fishing ponds of local inhabitants are often destroyed. Our analysis, therefore, points to a lack of corporate social responsibilities on the part of the oil producing multinational companies. In the United States, corporations are largely responsible for social program formations and implementations towards the overall developments of American cities. Since corporate social responsibility is an integral part of corporate

---

<sup>147</sup>H. Kirk-Green, Crisis and Conflict in Nigeria: A Documentary Source Book, vol. II (Oxford: Oxford University Press, 1978), p. 124.

existence in the United States, the question of waiting for specific laws on social responsibilities should not be awaited in the host country before they are implemented.

Impact of American Capital on Nigerian  
Agriculture: A Pre-emptive Analysis

The dwindling supply of food to meet the national needs has already been accounted for by our explanation on how rural dwellers who constitute the productive workforce in the agricultural sector continue to relocate to the commercial/industrial centers for wage and salary employments. The resultant effect was that both the federal and state governments' attention was drawn to the sector as never before. The rationale being that agriculture for food and export was too serious a matter that could no longer be left to peasants alone. Consequently, the federal government of Nigeria decided to enlist the involvement of the United States into Nigerian agriculture. Nigeria thus signed a memorandum to encourage American agribusiness, in conjunction with the United States Department of Agriculture, to increase investment in Nigerian agriculture. The memorandum encouraged giant institutions such as the Ford Motor Company, the First National Bank of Chicago, Pfizer, Allis-Chalmers and Chase Manhattan Bank full participation. Our concern here is no longer the rationality of such policies, but its consequential impact on Nigeria.

Involvement of the United States companies will lead to the infusion of foreign capital into the mechanization of agriculture in Nigeria in the short run. In the long run, the negative impact will be

enormous. For example, since the American companies have more capital, high technology and equipment, they will be able to buy off the properties of numerous peasant farmers through a process of properties acquisition.

The completion of this process serves to deepen Nigerian dependency in four areas:

1. Peasant Farmers Displacement.—Displacement of food crop farmers. These are farmers whose production is limited to family consumption rather than production for sale. They usually farm on family or community properties and sometimes live on the farms. Investment of large foreign capital not only displaces them but robs them of inherited family properties.

2. Farm Displacement.—This is the displacement of indigenous farming companies. The outright elimination, buy out and closing of indigenous farms due to capital infusion. Signs of this phenomenon have begun to appear with the purchase of Ogbemudia Farms in Bendel State by John Holt Company.

3. Market Displacement.—This means the displacement of the position of the indigenous farms in the domestic market. Large foreign capital will enable American companies to acquire substantial market share for their farm produce and consequently retard the development of large indigenous farms and support services.

4. Pre-Emptive Displacement.—In the long run, the ability of Nigerians to enter the agriculture industry will be greatly inhibited and sometimes prevented. How will this happen? As we saw earlier in our sectoral analysis, the Americans have dominated the oil sector. The

reason has been the ability of foreign companies to block entry to an industry they largely dominate and control. Although the Nigerian policies will encourage local companies to enter, constraints such as large advertising capital, better product name recognition, and control of commercial sources of credits will combine to limit indigenous companies from entering.

### Defiance of Nigerian Trade Laws and Regulations

One of the most outrageous things done to Nigeria in her trade relations with the United States is the utter disrespect for Nigerian commercial law regulations.

In contract awards, for example, the government of Nigeria establishes procedures for any award. To qualify for contract, the contracting firm must provide its local incorporation documents, tax clearance certificates for the previous three years and a list of similar projects executed in Nigeria or in other third world countries, accompanied by registration fee of between \$50-\$2,000.

Upon completion of this documentation process and contracts awarded, the government has a policy of giving mobilization payments to companies to cover start-up costs of the project. This rule designed to assist contractors, have often been abused. Gillian Gunn found in her study that "in the mid-1970s, some U.S. companies pocketed the money and disappeared, leading the military government to ban such payments."<sup>148</sup>

---

<sup>148</sup>Gillian Gunn, "Contracts," Nigerian Handbook 1982-83 (London: William Collins Company, 1982), p. 145.

As a control measure against smuggling of Nigerian oil through bunkering, the Nigerian National Oil Corporation entered into an agreement with the major oil companies:

Under the agreement, the oil companies were to give accounts of their sales for every month by fourteen days after the month. By this process, Nigeria felt she could estimate what to realize as foreign exchange.<sup>149</sup>

The purpose of this exercise was to obtain records of:

Oil lifted on NNPC permission;  
How ships which buy oil used them; and  
their foreign exchange payments to the  
federal government.<sup>150</sup>

As it turned out, the oil marketing companies which were U.S. Mobil Oil Corporation, Texaco Oil Corporation, and chemical marketing companies were the companies who refused to comply with the agreement.

The allegation that the United States oil companies, along with international syndicates, have defrauded the Nigerian government by oil bunkering (selling oil on the high seas without legal approval and documentation) has long been a controversy. However, the allegations were proved correct by March 1985 when a U.S. citizen named "Marie McBroom admitted and was found guilty of bunkering and currency trafficking."<sup>151</sup>

A similar experience has also faced Nigeria on the Nigerian Enterprises Promotion Decree 1972 and 1977 (the indigenization decree program). The need for economic self-reliance was taken more seriously

---

<sup>149</sup>Editor, "Oil Companies in Nigeria Accused of Smuggling," Nigerian Concord International (February 21, 1984):8.

<sup>150</sup>Ibid..

<sup>151</sup>Editor, "Nigeria Frees U.S. Woman," Amsterdam News, vol. 76, no. 9, Saturday, March 2, 1985.

by the federal military government immediately after the civil war, after the government had experienced the consequences of excessive reliance on foreign governments and on transnational corporations. The central objective was to obtain Nigerian control over her economy in general and over strategic enterprises in particular.

Many American companies refused to admit Nigerians to the Board of Directorship of their companies. "Colgate Palmolive, for example, packed up her soap manufacturing and toothpaste company from Nigeria and returned to the United States rather than comply."<sup>152</sup>

Also, in a study conducted by the Federal Ministry of Trade and Industry to determine the extent of implementation of the Nigerian indigenization program it was discovered that:

a) Many American investors were using Nigerians as "fronts" in the directorship of their operation in Nigeria even in businesses solely set aside for Nigerians.

b) That some of these companies are still able to maintain control over the Nigerian economic operations by entering into technical service agreement with Nigerian "directors" or "partners" that they be vested with the responsibility of providing technology, maintenance and any such technical agreement.

c) By negotiating exemptions from the indigenization decree with the Ministry of Trade Industry and Cooperatives.

d) By bribing the government officials who are expected to

---

<sup>152</sup>Okime Okafaor, Business Times (Lagos: Daily Times Press, July 12, 1978).



implement the indigenization program; and

e) By appointing people of different tribes as board of directors with a view of playing Hausas and Yorubas against each other with the hope that disruption between them will distract them (Nigerian board members) from trying to manage the company.

### Summary of Chapter

Factors discussed in this chapter have been the impact of American trade relations on Nigeria. Since the objective was to establish Nigerian dependency status on the United States during the trading period, we examined macro economic policy issues, technological transfer issues, socio-economic imbalance, impact of foreign capital infusion into Nigerian agriculture, as well as defiances of Nigerian trade laws and regulations by American companies.

Our findings illustrate that the shift from the use of micro-economic trade barriers such as tariffs and preferences to macro-economic policies adopted by the United States in the latter part of the Carter presidency and accentuated by President Reagan in 1980, largely contributed to the contraction of the American economy, contributing to a global recession, which ultimately led to the collapse of the Nigerian economy. The chapter demonstrated that, although technological transfer from the United States to Nigeria has been Nigeria's aspiration, in the trade process, the United States has refused to transfer technology to Nigeria. This has been well demonstrated in the oil industry where the United States regards the oil minerals as strategic minerals and transfer of technology by American companies prohibited under the

1949 Export Control Act. The regulation of the employment of Nigerians mainly to the menial job category by the major oil production companies and their affiliated service companies, coupled with the lack of contracts to Nigerian welding and machinist companies further contribute to inhibit Nigerian technological development in this area.

Similarly, we established the point that American companies are largely responsible for ecological imbalance and environmental deterioration without corresponding corporate social responsibilities to address the problems of respective localities.

We also examined the American current involvement in Nigerian agriculture and concluded that, although no direct negative impact against Nigeria has been established, that the current infusion of American capital into Nigerian agriculture will create a pre-emptive displacement of Nigerian agriculture companies as now exists in the oil industry.

Another fact we established was that American businesses are often guilty of disregard for Nigerian business laws and regulations. This was evident in our examples showing American participation in the malpractices of oil bunkering, mobilization fee, fronting, and manipulation of Nigerian Indigenization Decree provisions.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

Our entire analysis in the preceding chapter has led us to conclude that there has been a web of interests linking Nigeria with the United States. The linkages have both political and economic ramifications for both the United States and Nigeria. The United States, for example, believes that Nigeria, as the largest African country, is a significant potential market for exports as well as a country whose large population, desire to modernize, and whose colonial history with the west, favors her (USA) in the great power rivalry. Consequently, the United States continues to aggressively encourage capitalism in Nigeria.

At the same time, Nigeria truly wishes to be independent of the United States, especially when such action could serve as a source of national pride. But Nigeria runs into policy choices because of the dilemma posed by two factors--the desire to solve acute national problems which often exceed its system capabilities for which outside assistance is required, and the desire to maintain systems autonomy even when it is clear that the system which is a colonial legacy can no longer hold sway to the modern realities of Nigeria.

This dilemma has continued to be manifested in a manner which suggests a lack of definite foreign policy toward the United States,

with respective Nigerian governments shifting the relationship as a pendulum. The relationship with the United States, as we noted earlier, shifted from a position of nonchalance under Prime Minister Tafawa Balewa to political and economic embrace under General Yakubu Gowon, back again to conflict under General Murtala Mohammed and to a renewed friendship under General Obasanjo, depending on the economic needs of Nigeria.

Thus our study has revealed that Nigeria depended on the trade with the United States for her economic survival during the period studied. This is further validated by the fact that Nigeria gradually neglected her diversified economy to concentrate on the export of crude oil to the United States, which largely accounted for Nigeria's sensitive oil export market by 1979. At this time, oil sales accounted for about 80 percent of total national export, with the entire national economic activities revolving around expected revenues from it. Moreso, we found that the entire process of oil exploration, production and marketing was in the hands of American corporations.

Although Nigeria has not yet faced any situation of dependency on the United States with respect to the agricultural sector and food sufficiency, the overt encouragement being given to the American big corporations to invest in Nigerian agriculture will, in the opinion of this study, subsequently make Nigeria depend on the American firms. This is a phenomenon which will not only affect local farmers but will constitute yet another social and economic malady in Nigeria.

In the process of commercial transactions between Nigeria and American businesses, problems ensue which hinder the development of smooth trade relations, and sometimes outright neglect. We feel it is important to mention some of these areas of conflict and misunderstanding in our study. Some of these problems are as follows:

1. After Sale and Service Contract.-Many Nigerians who purchase machinery and equipment from the United States, complain that as soon as the equipment are shipped, no further effort is made to follow up the maintenance and servicing of the goods nor are Nigerians given adequate information and training on how to procure spare parts when the equipment are in need of service.

2. The distance between the United States and Nigeria is a major inhibiting factor in the trade process. Distance not only increase freight, insurance and cost, it also causes delay in time of arrivals of shipped merchandise. Many Nigerian businessmen do not have the patience to wait for a prolonged arrival of goods when comparable commodities could be obtained from Western Germany, France or Britain in less time and cost.

3. Apart from problems posed by distance, there are inhibitions such as the traditional trade linkage between Nigeria-United Kingdom and the rest of Western Europe, especially France, West Germany and Italy. American businesses have not been able to break this tradition. A major reason is that European countries such as England, West Germany, Italy and France tend to understand the needs of Nigeria more than the United States does.

4. The United States businesses tend to concentrate their attention on the markets of the developed countries to the neglect of Nigeria and other West African countries. There is relevant indication that efforts are mostly geared towards European, Japanese and Latin American markets, while they rely on their European marketing operations to help penetrate the Nigerian market.

5. American companies are more likely to have tight managerial control of their operations in Nigeria. This attitude affects the morale of Nigerian workers in American-owned companies since excessive control tends to deprive them the use of their managerial skills. It is important to recount here one of our examples in chapter four where we saw the American Colgate Palmolive folding up their operation in Nigeria rather than give up some level of managerial positions to Nigerians.

#### Recommendations

Successful problem solving requires the right diagnosis so that the right solutions could be provided. Political and economic policies in Nigeria have failed more often, not because of policies, but because most times the policies have been applied to problems that have not been properly diagnosed. Consequently, the battle for economic survival of Nigeria since independence has been a battle between economic emotion demonstrated by foreign based policies and economic reality that could forge a united and progressive Nigeria. Usually in the battle between emotion and reality, emotion has often won. But where reality

wins, it proves to be a continuous success because reality wins on facts which emotion does not consider.

In our entire analysis, we have identified one characteristic about the Nigerian economy--its wavering ties to stronger economies of other countries, such as the closer tie with the United Kingdom during the era of agricultural commodities of the early 1960s, to the development of heavier economic ties with the United States during the oil boom period of the 1970s. This is particularly sinister when we consider the fact that Nigeria is naturally endowed with rich human, mineral and geographical capabilities. Our recommendation will therefore stem from the totality of Nigerian economic experience as a junior participant in a world of economic interdependence.

What is this experience? It is the reality that Nigerian development over the twenty-seven years of independence has come to be understood as a pursuit of the replication of Western industrial structure, physical, and institutional, without developing the concept of Nigerian economic and political interest which will transcend tribe, ethnic affinity, organizational loyalty or personality.

### Three-Phase Strategy for Nigerian Economic Growth and Global Dominance

#### Phase One

The first phase of our strategy will be known as the age of self-preservation. The activities of the government at this time will be to pursue an insulative foreign policy which will seek to disallow inflow of foreign values while encouraging Nigerians to face the

challenges of the nation; in doing this Nigeria must set a mythical goal in which every Nigerian will be made to believe in. This goal must be inspirational and directed towards Nigerian future economic dominance.

The major areas of changes in this phase will be in government restructuring, economic repositioning and a re-orientation of the Nigerian educational system.

#### Government Restructuring

Under our arrangement, the existing government structure of federal, state and local governments should be restructured to become a five-tier system. These will entail the federal, state, zonal commission, local and city/town council governments.

The powers of the federal government will be curtailed when its economic activities are transferred to the states and entrepreneurs. The function of the federal government will be relegated to national defense and economic planning through regulatory mechanisms, thus ensuring that the country is progressively in line with its stated objectives.

#### Economic Repositioning

By insulating its doors to the external economic influences, Nigeria will seek to maximize her productivity capability and ingenuity to meet with the needs of Nigerians. In this way, an effective internal market will be developed, our authentic technological ingenuity will bloom to meet the expanded needs. Above all, national unity



will ensure on the alter of economic pursuit since Nigerians will travel freely and communicate freely in the name of Naira, backed with the aspiration of someday dominating the world.

### Educational Re-orientation

The dementalization of the existing Western mentality of professors and teachers and businessmen in the Nigerian institutions is a pivot to the accomplishment of our first phase. Approach to teaching in schools should emphasize the Nigerian experience, its strength and aspirations.

, The current educational system will be restructured into a three-tier educational system. The first tier will be the primary level, the second tier being the secondary level, while the third tier will be the university level of education. Thus programs such as higher school, teacher training colleges, polytechnics and colleges of technologies will be scrapped from the system. Both the primary and secondary school level will be used as institutions for academic awareness as well as agency for political socialization. The university will emphasize theories and research, and must be an integral part of the societies they exist in and the nation in general. During this phase, courses such as European history, literature and religion should all be eliminated, and replaced with courses such as Nigerian geography, political economy, science, and courses in entrepreneurship.

Since this stage will still involve trade relations with the rest of the world, more strategic policies will need to be adopted in

the following areas:

1. Emphases will be directed from trade with the advanced Western countries like the United States to developing countries, as well as with countries of Eastern Europe. The advantages that will accrue to Nigerian under this strategy will be expanded markets to sell Nigerian goods and the opportunity to trade with countries of equal status.

2. Technology Transfer. -The hope that technology can be transferred to Nigerians is a mythical belief at best. The foundation for Nigerian preparation for technological lift-off has already been established. This is manifested by the number of repair shops, ability to duplicate "Onitsha made goods" and the various local inventions across the country.

What Nigeria needs to do is to establish a well articulated technology policy which will seek to recognize and fund these Nigerian latent technology. In the interim, Nigeria should also acquire foreign technology through direct purchase, industrial espionage and duplication.

### Phase Two

This phase will be called the age of perfection. Nigeria will advance to this stage when she has understood the new system which will have been accompanied by surplus and mastering of its way of life and way of doing things. During the age of perfection, Nigeria should loosen up its tight insulative foreign policy doors to neighboring African countries, political rhetorics at this time should be on

APPENDIX A  
SCHEDULES 1 & 2 OF NIGERIAN ENTERPRISES  
PROMOTION DECREE, 1972

assisting African countries in their economic development. Hence, the true strategy will be to tie the economies of African countries to that of Nigeria. The strategy will be to expand the productive capacity of Nigerian entrepreneurs who will have bigger markets to sell Nigerian made goods. Exporting Nigerian made goods to African markets will facilitate the perfection of Nigerian technology, enable Nigeria to develop interest in those countries whose leadership is amenable to Nigeria. Above all Nigeria will have a true regional power backed by a sound economy at this time. During this phase, military coups, which are common, will have been completely eliminated in Nigeria since the army will be better utilized in advancing Nigerian political and economic interest in various African countries.

### Phase Three

In our view, Nigerian trade with the advanced capitalist countries should start at this stage. Trade at this stage will be based on mutual respect, and economic interdependence. At this phase, too, Nigerian competitiveness will have been enhanced since she will have developed the financial and political wherewithal to manipulate world economy.

Schedule 1

## Enterprises Exclusively Reserved for Nigerians:

1. Advertising agencies and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electrical domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks, bricks and ordinary tiles manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Clearing and forwarding agencies.
11. Hairdressing.
12. Haulage of goods by road.
13. Laundry and dry-cleaning.
14. Manufacture of jewelry and related articles.
15. Newspaper publishing and printing.
16. Ordinary garment manufacture not combined with production of textile materials.
17. Municipal bus services and taxis.
18. Radio and television broadcasting.
19. Retail trade (except by or within the department stores and supermarkets).

20. Rice milling.
21. Singlet manufacture.
22. Tire retreading.

Schedule 2

Enterprises Barred to Aliens Under Certain Conditions:

1. Beer Brewing.
2. Boat building.
3. Bicycle and motorcycle tire manufacture.
4. Bottling of soft drinks.
5. Coastal and inland waterways shipping.
6. Construction industries.
7. Cosmetics and perfumery manufacture.
8. Departmental stores and supermarkets.
9. Distribution and servicing of motor vehicles, tractors and spare parts thereof or other similar objects.
10. Distribution agencies for machines and technical equipment.
11. Estate agency.
12. Fish and shrimp trawling and processing.
13. Furniture making.
14. Insecticides, pesticides and fungicides.
15. Internal air transport (scheduled and charter services).
16. Manufacture of bicycles.
17. Manufacture of cement.
18. Manufacture of matches.

19. Manufacture of metal containers.
20. Manufacture of paints, varnishes or other similar articles.
21. Manufacture of soaps and detergents.
22. Manufacture of suitcases, briefcases, handbags, purses, wallets, portfolios and shopping bags.
23. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
24. Paper conversion industries.
25. Passenger bus services (inter-state).
26. Poultry farming.
27. Printing of books.
28. Production of sawn timber, plywood, veneers and other wood conversion industries.
29. Screen printing on cloth; dyeing.
30. Slaughtering, storage, distribution and processing of meat.
31. Shipping.
32. Travel agencies.
33. Wholesale distribution.

APPENDIX B  
SCHEDULES 1, 2 AND 3 OF NIGERIAN ENTERPRISES  
PROMOTION DECREE, 1977



Schedule 1

## Enterprises Exclusively Reserved for Nigerians:

1. Advertising and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks and ordinary tile manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Commercial transportation (wet and dry cargo and fuel).
11. Commission agents.
12. Departmental stores and supermarkets having an annual turnover of less than N2,000.00
13. Distribution agencies excluding motor vehicles, machinery and equipment and spare parts.
14. Electrical repair shops other than repair shops associated with distribution of electrical goods.
15. Establishments specializing in the repair of watches, clocks and jewelry, including imitation jewelry for the general public.
16. Estate agency.
17. Film distribution (including cinema films).
18. Garment manufacture.
19. Hairdressing.

20. Ice cream making when not associated with the manufacture of other dairy products.
21. Indenting and confirming.
22. Laundry and dry-cleaning.
23. Manufacturers' representatives.
24. Manufacture of suitcases, briefcases, hand-bags, purses, wallets, portfolios and shopping bags.
25. Manufacture of jewelry and related articles, including imitation jewelry.
26. Municipal bus services and taxis.
27. Newspaper publishing and printing.
28. Office cleaning.
29. Passenger bus services of any kind.
30. Poultry farming.
31. Printing of stationery (when not associated with printing of books).
32. Protective agencies.
33. Radio and television broadcasting.
34. Retail trade (except by or within departmental stores and supermarkets).
35. Rice milling.
36. Singlet manufacture.
37. Stevedoring and shorehandling.
38. Tire retreading.
39. Travel agencies.
40. Wholesale distribution of local manufactures and other locally produced goods.

Enterprises in Respect of Which Nigerians Must Have Majority Interest:

1. Banking-commercial, merchant and development banking.
2. Basic iron and steel manufacture.
3. Beer brewing.
4. Boat building.
5. Bottling of soft drinks.
6. Business services (other than machinery and equipment rental and leasing) such as business management and consulting services; fashion designing.
7. Clearing and forwarding agencies.
8. Canning and preserving of fruits and vegetables.
9. Coastal and inland waterways shipping.
10. Construction industry.
11. Departmental stores and supermarkets having annual turnover of not less than N2,000,000.00.
12. Distribution agencies for machines and technical equipment.
13. Distribution and servicing of motor vehicles, tractors and spare parts thereof or similar objects.
14. Fish and shrimp trawling and processing.
15. Fertilizer production.
16. Grain mill products except rice milling.
17. Industrial cleaning.
18. Insecticides, pesticides and fungicides.
19. Internal air transport (schedule and charter services).
20. Insurance - all classes.
21. Lighterage.

22. Manufacture of bicycles.
23. Manufacture of biscuits and similar dry bakery products.
24. Manufacture of cement.
25. Manufacture of cosmetics and perfumery.
26. Manufacture of cocoa, chocolate and sugar confectionery.
27. Manufacture of dairy products, butter, cheese, milk and other milk products.
28. Manufacture of food products like yeast, starch, baking powder, coffee roasting; processing of tea leaves into black tea.
29. Manufacture of furniture and interior decoration. Manufacture of metal fixtures for household, office and public buildings.
30. Manufacture of leather footwear.
31. Manufacture of matches.
32. Manufacture of metal containers.
33. Manufacture of plastic products such as plastic dinnerware, tableware, kitchenware, plastic mats, plastic machinery parts, bottles, tubes, and cabinets.
34. Manufacture of paints varnishes or other similar articles.
35. Manufacture of rubber products, rubber footwear, industrial and mechanical rubber specialties such as gloves, mats, sponges and foam.
36. Manufacture of tires and tubes for bicycles and motorcycles or tire and tubes for motor vehicles.
37. Manufacture of soap and detergents.
38. Manufacture of wire, nails, washer, bolts, nuts, rivets and other similar articles.
39. Other manufacturing industries such as non-rubber and non-plastic toys, pens, pencils, umbrellas, canes, buttons, broom and brushes, lampshades, tobacco pipes and cigarette holders.
40. Mining and quarrying.

41. Oil milling, cotton ginning and crushing industries.
42. Paper conversion industries.
43. Plantation sugar and processing.
44. Plantation agriculture for tree crops, grains and other cash crops.
45. Printing of books.
46. Production of sawn timber, plywood, veneers and other wood conversion industries.
47. Petro-chemical feedstock industries.
48. Publishing of books, periodicals and such like.
49. Pulp and paper mills.
50. Restaurants, cafes and other eating and drinking places.
51. Salt refinery and packaging.
52. Screen printing on cloth, dyeing.
53. Inland and coastal shipping.
54. Slaughtering, storage associated with industrial processing and distribution of meat.
55. Tanneries and leather finishing.
56. Wholesale distribution of imported goods.
57. Photographic studies, including commercial and aerial photography.

Schedule 3

## Enterprises in Which Foreign Investors May Have Majority Interest:

1. Distilling, rectifying and blending of spirits such as ethyl alcohol, whisky, brandy, gin and the like.
2. Tobacco manufacture.
3. Manufacture of basic industrial chemicals (organic and inorganic) except fertilizers.
4. Manufacture of synthetic resins, plastic materials and man-made fibres except glass.
5. Manufacture of drugs and medicines.
6. Manufacture of pottery, china and earthenware.
7. Manufacture of glass and glass products.
8. Manufacture of burnt bricks and structural clay products.
9. Manufacture of miscellaneous non-metallic mineral products such as concrete, gypsum and plastering products, including ready-mixed concrete, mineral, wool, abrasive, asbestos products, graphite products.
10. Manufacture of primary non-ferrous metal products such as ingots, bars and billets; sheets, strips, circles, rods, tubes, pipes and wire rods; casting and extrusions.
11. Manufacture of (fabricated metal) cutlery, hard tools and general hardware.
12. Manufacture of structural metal products-components of bridges, tanks, metal doors and screen, window frames.
13. Manufacture of miscellaneous fabricated metal products, except machinery and equipment, such as safes and vaults; steel springs, furnaces; stoves, and the like.
14. Manufacture of engines and turbines.
15. Manufacture of agricultural machinery and equipment.
16. Manufacture of metal and wood working machinery.

17. Manufacture of special industrial machinery and equipment such as textile and food machinery, paper industry machinery, oil refining machinery and equipment, and the like.
18. Manufacture of office, computing and accounting machinery.
19. Manufacture of other machinery and equipment except electrical equipment, pumps, air and gas compressors; blowers, air-conditioning and ventilating machinery; refrigerators and the like.
20. Manufacture of electrical machinery and apparatus.
21. Manufacture of radio, television and communication equipment and apparatus.
22. Manufacture of electrical appliances and houseware.
23. Manufacture of electrical apparatus and supplies not elsewhere classified, such as insulated wires and cables, batteries, electric lamps and tubes, fixtures and lamp switches, sockets, switches insulators, and the like.
24. Ship building and repairing (excluding boat building).
25. Manufacture of railway equipment.
26. Manufacture of motor vehicles and motorcycles.
27. Manufacture of aircraft.
28. Manufacture of professional and scientific and measuring and controlling equipment, such as laboratory and scientific instruments, surgical, medical and dental equipment, instruments and supplies and orthopaedic and prosthetic appliances.
29. Manufacture of photographic and optical goods.
30. Manufacture of watches and clocks.
31. Ocean transport/shipping.
32. Oil servicing companies.
33. Storage and warehousing, the operation of storage facilities and warehouse (including bonded and refrigerated warehouses for hire by the general public).
34. Textile manufacturing industries.

35. Hotels, rooming houses, camps and lodging places.
36. Data processing and tabulating services (on a fee or contract basis).
37. Production of cinema and television films (or motion picture production).
38. Machinery and equipment rental and leasing.
39. All other enterprises not included in Schedules 1 and 2 not being public sector enterprises.



## BIBLIOGRAPHY

- Adebayo, Adejugbe. "Multinational Oil Corporations and the Development of Nigeria's Economy." Oil and the New International Economic Order. Lagos: Proceedings of 1976 Annual Conference of Nigeria Economic Society.
- Adede, A. O. "The Legal Framework for Transnational Investment and Lending in Sub-Sahara Africa." Interdependence in a World of Unequals, Africa-Arab EEC Economic Cooperation for Development. Boulder, Colorado: Westview Press, 1982.
- Adejogbe, A. "Multinational Oil Corporations and the Development of Nigeria's Economy." Oil and the NIEO, Proceedings of the 1976 Annual Conference. University of Ibadan.
- Advisory Committee on Economics and Social Research in Agriculture. Research Methods and Procedures in Agricultural Economics. New York: 1978.
- Africa, No. 92 (April 1979).
- African Report (July-August 1981).
- Ajayi, Adebayo. "Nigerian-Soviet Aid Relations 1960-68." Nigeria: Bulletin on Foreign Affairs, vol. 1, no. 3 (January 1972).
- Ake, C. A. Political Economy of Africa. London: Longman Group, 1981.
- Akinyele, Ibitayo. "Anglo-American Liberalism as a Dominant Factor in Nigerian Foreign Policy, 1960-66." Ph.D. dissertation, University of Washington, 1969.
- Akinyemi, B. A. "Mohammed/Obasanjo Foreign Policy." Nigerian Government Politics Under Military Rule 1966-79. Oyediran, Oyeleye, ed. London: MacMillan Publishers, 1984.
- Alan, Rake, ed. New Africa Yearbook. London: International Communications, 1979.
- Aluko, Olagide. "Nigeria and the Superpowers." Essays on Nigerian Foreign Policy. London: George Allen and Unwin, 1981.

- Amin, S. Unequal Development: An Essay on the Social Transformation of Peripheral Capitalism. New York: Monthly Review Press, 1976.
- Amory, L. "Energy Strategy: The Road not Taken." Foreign Affairs (October 1976).
- Amsterdam News, vol. 76, no. 9
- André, Gunder Frank. Capitalism and Underdevelopment. New York: McGraw-Hill, 1979.
- Antonio, B. O. "The Stagnant Sector of the Nigerian Economy." Bulletin of Rural Economics and Sociology, vol. 11:3.24.39.
- Bach, C. D. "Nigerian-American Relations: Converging Interests and Power Relations." Nigerian Foreign Policy Alternative Perceptions and Projections. New York: St. Martin's Press, 1984.
- Bade, O., ed. Multinational Corporations in Nigeria. Ibadan: Les Shyraden Nig. Ltd., 1983.
- Barnet, R. and Muller, R. Global Reach, the Power of the Multinational Corporations. New York: Simon and Schuster, 1974.
- Baron, P. The Political Economy of Growth. New York: Monthly Review Press, 1982.
- Biersteker, J. "Indigenization in Nigeria: Renationalization or Denationalization?" The Political Economy of Nigeria. New York: Praeger, 1983.
- Biersteker, J. J. Distortion or Development? Contending Perspectives on the Multinational Corporations. Massachusetts: MIT Press, 1981.
- Bob, Dean. "Efforts Begin to Plan Gas Energy Future." The Atlanta Constitution. December 6, 1985.
- Brittan, S. "A Very Painful World Adjustment." Foreign Affairs, vol. 61, no. 3 (Fall 1983).
- Brown, R. S. "Conditionality: A New Form of Colonialism." Africa Report, vol. 29, no. 5 (September-October 1984).
- Bryson, G. D. Marketing Through Foreign Subsidiaries and Joint Venture Arrangements: Handbook of Modern Marketing. New Jersey: McGraw-Hill, Inc., 1970.
- Caccia, G. "Nigeria: Oil Plot or Oil Glut?" Journal of African Marxists, issue no. 3 (1983).

- Callaghy, T. M. "Africa's Debt Crisis." Journal of International Affairs, vol. 38, no. 1 (Summer 1984).
- Campagna, A. S. Macroeconomics Theory and Policy. Atlanta: Houghton Mifflin Co., 1974.
- Carson, R., ed. Economic Issues Today, Alternative Approaches. New York: St. Martin's Press, 1980.
- Caves, R. C. and Jones, R. W. World Trade and Payments. Boston: Little, Brown and Co., 1981.
- Central Bank of Nigeria, Annual Report. Lagos: CBN Ltd.
- Chilcote, R. H. Theories of Comparative Politics: The Search for a Paradigm. Boulder, CO: Westview Press, 1981.
- Clive, T. Dependence and Transformation. New York: Monthly Review Press, 1978.
- Collis, Lynch R. "K. O. Mbadiwe, 1939-1947: The American Years of a Nigerian Political Leader." Journal of African Studies, vol. 7, no. 4 (Winter 1980-81).
- Correspondent. "Economic and Business News - Opportunities in West Africa." West African, no. 3372 (March 22, 1982).
- Daily Times. December 4, 1982.
- Davis, S. M. Managing and Organizing Multinational Corporations. New York: Pergamon Ltd., 1979.
- Debates. 9 February 1959.
- Doro, M. and Stultz, S. Governing in Black Africa: Perspectives on New States. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1970.
- Economic and Financial Review, vol. 18, no. 1 (June 1980).
- Editor. "Delta Offers Crash Settlement." The Atlanta Constitution. December 27, 1985.
- Editor. Nigerian Concord International. Lagos: The Nigerian Concord. February 1984.
- Editor. "Nigeria: IMF, Which Way?" Telex Monthly, vol. 1, no. 1 (October 1985).
- Editorial. "Nigeria Sharagi's First Year." Africa, no. 110 (October 1980).

- Eisenstadt, S.N. "Social Change and Modernization in Africa South of the Sahara." The American Political Science Review, vol. L (September 1961).
- Ekundare, R. O. An Economic History of Nigeria. London: Methuen Ltd. 1974.
- Elaigu, Isawa. "The Nigerian Civil War and the Angolan Civil War." Journal of Asian and African Studies, vol. XII (1982).
- Elimimian, J. U. Multinational Retailing in Nigeria. Ann Arbor: University Microfilms International, 1985.
- Ezemwe, U. "Nigeria and Foreign Trade Policies in the 1980s." Nigerian Journal of International Studies, vol. 3, nos. 1 and 2 (1979).
- Federal Government of Nigeria. The Green Revolution: A Food Production Plan for Nigeria. Lagos: Ministry of Agriculture, 1980.
- Federal Government Gazette. Lagos: Federal Ministry of Information, 1977.
- Federal Ministry of Industries. Incentives to Invest in Nigeria. Lagos: Nigerian Investment Information and Promotion Centre, 1984.
- First National Development Plan 1962-68. Lagos: Federal Ministry of Information, 1962.
- Floyd, H. W. "Reagan and Reaganomics, Policy Choices in A Changing Society." Paper presented at the National Conference of Black Political Scientists, Houston, Texas, 1982.
- Franz, F. The Wretched of the Earth. New York: Grove Press, Inc., 1978.
- Gambari, Ibrahim A. "Nigeria and Her World: A Growing Stability, Wealth and External Influence." Journal of International Affairs 29 (2) (Fall 1977).
- General Gowon, Takubu. "Broadcast to the Nation." Press Release No. 31. Lagos: Federal Ministry of Information, January 12, 1970.
- Hans, A. B. "Energy Strategy." Foreign Affairs (April 1977).
- Herskovits, J. "Nigeria: Africa's New Power." Foreign Affairs (January 1975).
- Horowitz, I. L. "Social Science and the Citizen." Society, vol. XXII, no. 2 (January/February 1985).
- Ihonybhere, J. O. "The Oil Boom and the Reproduction of Poverty in Nigeria." Paper presented to the Egbe Omon Yoruba Organization of Nigerians in Canada, Toronto Chapter. May 9, 1982.

- Ihonvhere, J. and Shaw, T. M. "Nigeria Oil Production, Class Formation, and Social Contradictions in a Peripheral Capitalist Society." (1982).
- IBRD. "Options for Long-Term Development of Nigeria." Washington, D.C.
- Joseph, R. A. "Affluence and Underdevelopment: The Nigeria Experience." Journal of Modern African Studies, vol. XVI, no. 2 (1978).
- Joseph, R. A. "Affluence and Underdevelopment: The Nigerian Experience." Journal of Modern African Studies, no. 16 (1978).
- Kirk-Green, H. Crisis and Conflict in Nigeria: A Documentary Source Book, vol. II. Oxford: Oxford University Press, 1978.
- Krugman, P. "The Economics of Interdependence." U.S. Foreign Policy and the Third World Agenda 1985-86. Washington, D.C.: Overseas Development Council, 1985.
- Lazar, A and Duerstein, A. "Oil and Development Planning - Implications for Nigeria." Energy Policy (December 1976).
- Lewis, J. "Overview: The U.S. and the 3rd World, 1983." U.S. Foreign Policy and the Thrid World Agenda, 1983. Washington, D. C.: Overseas Development Council, 1983.
- Lloyd, P. C. Africa in Social Change. London: Penguin African Library, 1972.
- Luckman, R. The Nigeria Military: A Sociological Analysis of Authority and Revolt, 1960-67. Cambridge: Cambridge University Press, 1971.
- Magyar, C. P. "United States Trade with Africa: A Critical Perspective." Journal of African Studies 8 (Fall 1981)
- Management in Nigeria. Lagos: Nigerian Institute of Management. (September 1977).
- Mark, M. Modern Ideologies. New York: St. Martin's Press, 1973.
- Mastanduro, M. "Strategies of Economic Containment: U.S. Trade Relations with the Soviet Union." World Politics: A Quarterly Journal of International Relations, vol. XXXVII, no. 4 (July 1985)
- Maxwell, J. A. and Aronson, R. T. Financing State and Local Governments. Washington, D.C.: The Brookings Institution, 1977.

- Mazrui, A. A. The African Condition. London: Cambridge University Press, 1980.
- Mervyn, J. "The Search for Oil in Nigeria: Promising Indications in the South." Africa World (September 1953).
- Michael, S. and Obe, 'Ad' Obe (eds.). Nigerian Handbook 1982-83. London: William Collins and Sons Co., Ltd., 1982.
- Michael, W. and Roberts, S. "State and Agrarian Transformation in Nigeria." The Politics of Agriculture in Tropical Africa. London: Sage Publications, 1984.
- Monique, P. G. "Implication of the Lome Convention for African Trade and Development." The Review of Black Political Economy (1983).
- Morgenthau, H. Politics Among Nations: The Struggle for Power and Peace. New York: Alfred Knopf, 1967.
- Ndika, O. "The Rationality of the Rich in Nigeria." African Social Studies: A Radical Reader.
- Nelson, H. D. ed. Nigeria: A Country Study. Washington: Foreign Area Studies, The American University Press, 1981.
- Nicholas, T. "Is Nigeria Really A Goldmine for Atlanta Business?" Business Atlanta (June 1983).
- "Nigeria Boosts Participation to 55%." World Oil 179 (August 15, 1974).
- Nigerian National Petroleum Corporation. Monthly Petroleum Information. Lagos: NNPC. November 1977.
- Nkrumah, K. Neo-Colonialism: The Last Stage of Imperialism. New York: International Publishers, 1980.
- Nnoli, O. "Development/Underdevelopment: Is Nigeria Developing?" Path to Nigerian Development Dakar, Senegal: CODESRI, 1981.
- Obadan, M. I. "Direct Foreign Investment in Nigeria: An Empirical Analysis." African Studies Review, vol. XXV, no. 1 (March 1982).
- \_\_\_\_\_. "The Role of International Tourism in the Economic Development of Nigeria." Nigeria Trade Journal, vol. 29, no. 1 (1982).

- \_\_\_\_\_. "Factors Affecting Nigeria's Balance of Payments." Paper presented at the Seminar on Balance of Payments, Policies and Strategies for Nigeria, March 1982.
- \_\_\_\_\_. "An Economic Analysis of Nigeria's Foreign Travel Spending 1960-73." 1977.
- \_\_\_\_\_. "Prospects for Diversification of Nigeria's Export Trade."
- Ogueri, L. "The American Centric Dimensions of Nigerian Foreign Policy." The Statesman (February 6, 1987).
- Ohlin, B. International and International Trade. Cambridge: Harvard University Press, 1952.
- "Oil and the Nigerian Economy." Nigeria Illustrated. Federal Ministry of Information, vol. 1 (July-September 1977).
- "Oil Boomerang." West Africa (November 3, 1980).
- Ojiako, J. O. 13 Years of Military Rule. Lagos: Daily Times Press, 1980.
- Ojiako, James. Nigeria: Yesterday, Today and ? Onisha: Africa Educational Publishers, 1981.
- Ojigbo, O. Nigeria Returns to Civilian Rule. Lagos: Tokion Co., 1980.
- Okafor, O. Business Times. Lagos: Daily Times Press, 1978.
- Okello, C. "Dependent Food Policy in Nigeria 1975-1979." Review of African Political Economy, no. 15/16 (May-December 1979).
- Okwudiba, Nnoli, ed. Path to Nigerian Development. Dakar, Senegal: CODESRI, 1981.
- Olatunde, O. "Nigeria's Foreign Policy 1960-1966: Politics, Economics and the Struggle for African Leadership." Ph.D. Dissertation, The University of Connecticut, 1978.
- Olatunde, S. O. "The Food Problem: Tractable or the Mere Chase of the Mirage." Ibadan: Inaugural Lecture, The University of Ibadan, 1974.
- Olorunsola, V. A. Soldiers and Power: The Development Performance of the Nigerian Military Regime. Standord: Hoover Institution Press, 1978.
- Onimode, B. Decolonization and Dependency Problems of Development of African Societies. New York: Greenwood Press, 1980.

- \_\_\_\_\_. "Imperialism and Multinational Corporations: A Case Study of Nigeria." Review of African Political Economy 5 (1976).
- \_\_\_\_\_. Imperialism and Underdevelopment in Nigeria: The Dialectics of Mass Poverty. London: Zed Press, 1982.
- Organski, A. F. K. The Stages of Political Development. New York: Alfred A. Knopf, 1965.
- Osagie, E. "The Ideological Element for Nigeria's Relations with African States." Nigerian Institute of International Affairs. January 27-30, 1976.
- Panther, Bricks. Soldiers and Oil: The Transformation of Nigeria. London: Frank, Cass and Co., Ltd., 1979.
- "Petrol and Suicides." Daily Sketch. April 4, 1985.
- Ricardo, D. On the Principles of Political Economy and Taxation. New York: E. P. Dutton and Co., 1948.
- Rodney, W. How Europe Underdeveloped Africa. Washington, D. C.: Howard University Press, 1974.
- Root, F. R. International Trade and Investment. Cincinnati: South-Western Publishing Co., 1978.
- Rostow, W. W. Stages of Economic Growth: A Non-Communist Manifesto. Cambridge: Cambridge University Press, 1960.
- Schatzs, Ludwig. "The Impact of the Civil War on the Nigerian Petroleum Industry." Journal of Business and Social Studies, vol. 2 (September 1969).
- Schumpeter, J. A. Capitalism, Socialism and Democracy. New York: Harper and Row Publishers, 1974.
- Second National Development Plan, Interim Report. Lagos: Federal Ministry of Statistics, 1974.
- Seidman, H. Planning for Development in Sub-Sahara Africa. New York: Praeger Publishers, 1979.
- Shagari, Shehu. "Nigeria Oil as a Weapon." West Africa (March 24, 1980).
- Shaw, T. Nigeria in the International System. London: MacMillan, 1982.
- Shaw, Timothy and Aluko, . . eds. Nigerian Foreign Policy: Alternative Perceptions and Projections. London: Macmillan, 1982.



- Shaw, T. and Heard, K. H. The Politics of Africa: Dependence and Development. New York: Africana Publishing Company, 1979.
- Shell, B.P. (Nig.) Ltd. The Shell-BP Story. Port Harcourt: Shell-BP Petroleum Development Company of Nigeria Limited, 1965.
- Smith, S. An Inquiry into the Nature and Causes of Wealth of Nations. New York: Random House, 1937.
- Smith, A. and Toye, J. "Three Stories About Trade and Poor Economies." Trade and Poor Economies. New York: St. Martin's Press, 1978.
- Spanier, J. American Foreign Policy Since World War II. New York; Praeger Publishers, 1974.
- Spero, J. E. The Politics of International Economic Relations. New York: St. Martin's Press, 1981.
- Sunday Punch, vol. 10, no. 501 (December 5, 1982).
- Tartter, J. L. Nigeria: A Country Study. Washington, D.C.: The American University Press, 1981
- Terpstra, V. The Cultural Environment of International Business. Cincinnati: South-Western Publishers, 1978.
- The African World News, vol. 1, no. 1
- The Atlanta Constitution. December 27, 1985.
- The Green Revolution: A Food Production Plan for Nigeria. Lagos: Federal Ministry of Agriculture, 1979.
- "The Oil Price War and Nigeria." West Africa 10 (February 1986).
- The Third National Development Plan, 1975-80. Lagos: Federal Ministry of Information.
- Todaro, M. Economics for a Developing World: An Introduction to Principles, Problems and Policies for Development. Hong Kong: Longman Group Press, 1977.
- Turner, T. "Notes on the Nigerian Oil Industry."
- . "Nigeria: Imperialism, Oil Technology and the Comprador State." Oil and Class Struggle. Turner, J. and Nore, Pete, eds. London: Zed Press, 1980.
- . "Multinational Corporations and the Instability of the Nigerian State." Review of African Political Economy 5 (June 1976).

- Ulbrich, H. International Trade and Finance: Theory and Policy. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1983.
- U.S. Chamber of Commerce. Overseas Market Report. Washington, D.C.: Government Printing Office, 1984.
- U.S. Department of Commerce. "Nigerian Business Outlook." Lagos: American Embassy, 1985.
- Wallace, T. and Plamer-Jones, R. "The Challenge of Nigeria's Approach to Agriculture, 1975-80." Canadian Journal of African Studies, no. 15 (1981).
- Walter, E. An Introduction to Developing Economics.
- West Africa, no. 3387 (December 4, 1982).
- William, G. "Class Relations in a Neo-Colony: The Case of Nigeria." African Social Studies: A Radical Reader. New York: Monthly Review Press, 1977.
- Williams, H. Population, Migration and Urbanization of Africa. New York: Columbia University Press, 1971.
- Wilson, Gee. Social Science Research Methods. New York: Appleton, Century, Crofts, Inc., 1950.
- Wittkoff, K. American Foreign Policy Pattern and Process. New York: St. Martin's Press, 1979.
- Wright, S. "Africa's Emergent Super Power: The Resource Dimension of Nigerian Foreign Policy." Paper presented at the British International Studies Association Conference, University of Keele. December 1979.
- Yusufu, B.U. For the Liberation of Nigeria. London: New Beacon Books, 1978.
- Zartman, William, ed. The Political Economy of Africa. New York: Praeger Publishing Co., 1983.